

Investigators Expect Criminal Charges In Iran-Contra Case

By Philip Shenon
New York Times Service
WASHINGTON — Investigators working for the special prosecutor in the Iran-contra affair expect to bring indictments and are studying a broad range of criminal charges against current and former government officials, according to law enforcement officials with knowledge of the investigation.

They said the investigators were focusing on at least three specific felonies: conspiring to defraud the government, obstructing justice and making false statements to the government.

The officials said the special prosecutor, Lawrence E. Walsh, had not ruled out anyone as sus-

pects, including senior Reagan administration officials. But they emphasized that the investigation was still in a relatively early stage and that it would have been irresponsible to rule out potential targets without reviewing more evidence.

According to the officials, Mr. Walsh will make decisions in the next several days on granting immunity to witnesses who may shed new light on the case. The officials declined to provide any names. Mr. Walsh has already granted immunity to the secretary of Lieutenant Colonel Oliver L. North, the former National Security Council aide who has been at the center of Mr. Walsh's investigation.

Pretoria's Party Rebels List Demands

By William Claiborne
Washington Post Service
JOHANNESBURG — Three National Party breakaways at the vanguard of a growing white rebellion against President P. W. Botha's government demanded Monday that black politics in South Africa be freed so that negotiations for power sharing may begin and a timetable for the repeal of apartheid laws be established.

In their first joint statement in the campaign for the May 6 parliamentary elections in which only whites are eligible to vote, the three National Party defectors said there is still time to achieve a "common vision" for a nonracial South Africa, a goal they said is the most explicit blueprint for racial reform offered by any of the independent candidates.

In order to achieve the goal, the three declared, restrictions against black political organizations must be lifted, even though the state of emergency should be retained in order to maintain stability during a "transition period."

The independent candidates who issued the demands are Denis Worrall, the former South African ambassador to Britain; Wyland Meehan, a member of Parliament; and Zander Lategan, a longtime National Party supporter who is running for a Parliament seat in the Cape Province university town of Stellenbosch, the intellectual seat of Afrikaner nationalism.

All three have resigned from Mr. Botha's ruling National Party in the most serious splintering of Nationalist solidarity since the party was formed in 1948. They have been joined by 30 leading academics, dozens of veteran party workers and some prominent Afrikaner journalists in a growing revolt against what is viewed as the slow pace of reform.

The leaders of the new independent movement declared that "the time is past when governments could unilaterally pursue reform." They said that all political parties, See REBEL, Page 6

One official said the investigation was focusing on a strong possibility of a broad criminal conspiracy involving administration officials and private individuals tied to the sale of American arms to Iran and the purported funneling of proceeds to the Nicaraguan rebels, known as contras.

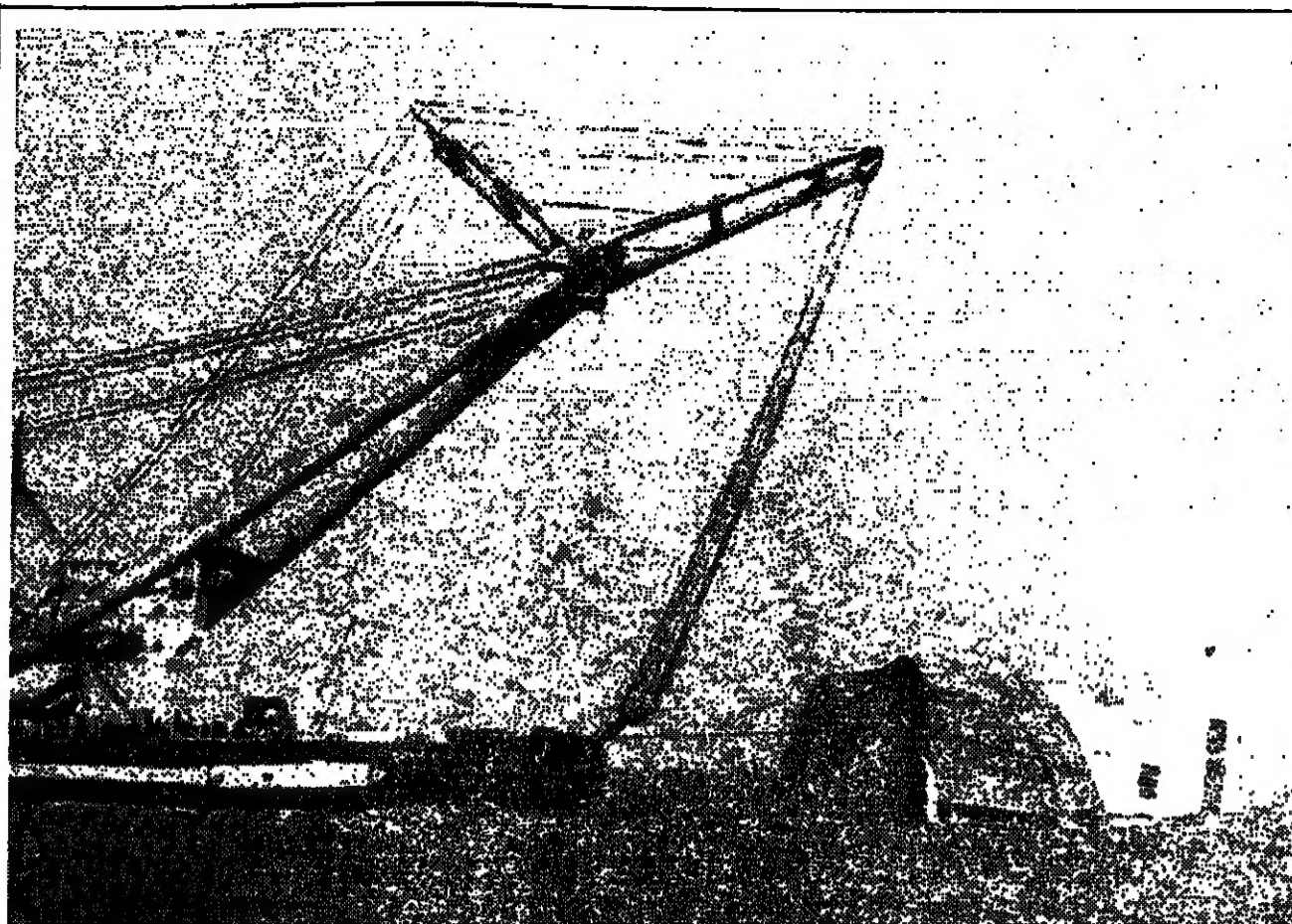
"Conspiracy is offering a framework for the investigation," said the official, who, like others interviewed, spoke on condition he not be named.

The law enforcement officials said investigators had become increasingly convinced that crimes had been committed and that some individuals made attempts to cover up facts in the case.

While obstruction of justice is usually a difficult crime to prove, one official said the cover-up "may have been comically obvious here," making obstruction charges a distinct possibility. "My advice is that you not rule anything out," he said.

Law enforcement officials would not offer a timetable for indictments; last week, one of Mr. Walsh's chief deputies indicated that the grand jury was not close to considering any.

But the officials said Mr. Walsh's See CHARGE, Page 6



Salvage Operations Are Prepared for Capsized Ferry

A barge bearing a salvage crane was positioned Monday beside the Herald of Free Enterprise in the harbor of Zeebrugge, Belgium. Operations to refloat the ship and seek to recover up to

81 bodies are expected to begin this week. Also Monday, Britain announced a public inquiry into the disaster and established a \$1.58 million fund for survivors and families of victims. Page 6.

Early Deployment Said to Harm SDI Goal

By William J. Broad
New York Times Service
NEW YORK — The push for early deployment of a rudimentary defense against nuclear missiles is speeding up some areas of weapons research but hurting others, threatening to delay progress toward the long-term goal of protecting the nation from enemy attack, according to leading scientists in the Reagan administration's anti-missile program.

They say budget shifts have slowed research on lasers and particle beams, the centerpiece weapons of President Ronald Reagan's Strategic Defense Initiative, and have upset planning for research, personnel and facilities.

Federal weapon laboratories, where scientists express a growing sense of frustration, have been especially hard hit by the changes. Once the leaders in research, exploring futuristic anti-missile arms, the laboratories are now lagging behind.

Pentagon officials who direct the SDI project, which is also known as "star wars," assert that any delays or disruptions in progress toward the full panoply of SDI technologies result from congressional budget cuts, not shifts in the administration's goals.

But in interviews, leading scientists at the weapon laboratories said congressional jolts had been joined by shifts in the administration's goals.

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In China, Power Feud Threatens Reform

By William Drozdiak
Washington Post Service
BEIJING — China's ambitious economic reform program, designed to propel one billion citizens into the modern age, appears to be stalled because of a serious power struggle over the future political identity of the country.

Two months after a coalition of forces opposed to radical change succeeded in removing the Communist Party chief, Hu Yaobang, senior government leaders have sought to project an image of stable consensus in an effort to calm foreign investors as well as a population still traumatized by the chaotic Cultural Revolution that was extinguished only a decade ago.

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In his talks last week with George P. Shultz, the U.S. secretary of state, Deng Xiaoping, China's paramount leader, stressed that China cherishes political stability above all and that the changes would be carried out at a "more measured pace" than before, according to American participants in the meeting.

The clash of rival factions pits Mr. Deng and his supporters, including entrepreneurs and farmers who have profited from the modernization changes, against a formidable alliance of doctrinaire Marxists, middle-level bureaucrats and military officers who feel threatened by wrenching change in the status quo.

Behind these conservatives are what some analysts call the passive Chinese majority. This includes

perhaps most of the 800 million people who do not like to see disruptive change in their lives and have made their peace with a socialist system that provides them with security.

Other potential allies in their fight against Mr. Deng's ideas are inhabitants of the inner provinces, which generally have not kept up with the growing affluence in the coastal and capital regions that benefit most from commerce.

The ideological tug of war seems bound to intensify and will probably not be resolved until the 13th Communist Party Congress is held this autumn, according to Chinese officials, editors and students interviewed during a week's travel through China.

The conservatives have displayed enormous influence in the party-run media by opening a strident

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Chrysler Seeks Renault Share of AMC in Buyout

Compiled by Our Staff From Dispatches

DETROIT — Chrysler Corp. said Monday it had agreed with the French automaker, Renault, to acquire American Motors Corp. in a transaction valued at about \$1.5 billion.

Renault owns 46.1 percent of AMC's common stock and has effectively controlled the company since 1979. Chrysler will also offer to acquire AMC stock in other hands.

The proposed merger would unite the two smallest of the four U.S.-based auto companies and give Chrysler a continuing relationship with Renault, one of Europe's largest auto companies.

Based on last year's results, the acquisition of AMC would boost Chrysler's share of the combined car and light truck market in the United States from 11.7 percent to 13.4 percent, still leaving it well behind Ford Motor Co., which had 21.2 percent, and General Motors Corp. at 38.5 percent.

But the transaction would also give Chrysler the highly profitable Jeep line of off-road vehicles to broaden its model lineup. AMC's new assembly plant in Bramalea, Ontario, and 1,400 additional dealers.

Lee A. Iacocca, the chairman of Chrysler, said in a statement that "we believe our decision to acquire American Motors is right for both companies, not just for the immediate future, but even more so for the long haul. It'll strengthen both of us in what's already become a tough market."

The announcement comes after months of speculation that Chrysler, which is to build one of its car lines in an AMC plant, would make some sort of offer for the company, which has been unprofitable in recent years.

In the fourth quarter of 1986, AMC earned its first profit in two years, but in the past six years, it has posted losses totaling \$838.6 million.

Renault, which has financial problems of its own, had indicated a willingness to discuss AMC, but talks were apparently disrupted by the assassination of Georges Besse, the Renault chairman, last November.

Under the terms of the arrangement, Chrysler will give Renault \$200 million in 10-year, 8 percent notes and other payments of up to \$350 million based on AMC's performance for Renault's AMC stock. In addition, Chrysler will pay \$35 million in cash for a half interest in American Motors Financial Corp. and will assume \$767 million of AMC debt.

Chrysler will also offer Chrysler stock valued at \$4 for each AMC share in public hands, which

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Lee Iacocca

Trade Battle Looms for U.S., Japan

By Clyde H. Farnsworth
New York Times Service
WASHINGTON — The United States and Japan are headed for their most serious trade confrontation since the end of the postwar period, government officials and many private analysts believe.

Frustrations have stiffened attitudes on both sides of the Pacific, making compromise less likely on a whole range of issues from semiconductor and supercomputer to the awarding of contracts for an \$8.5 billion airport construction project at Osaka.

"This may be the year in which the string runs out on Capitol Hill," said the U.S. trade representative, Clayton K. Yeutter. "The level of frustration with Japan is higher than I have ever seen it."

Although President Ronald Reagan would probably veto legislation forcing trade retaliation against Japan, Mr. Yeutter warned in an interview that a veto could become "irrelevant" if such a move were approved overwhelmingly, as is now indicated.

The resentment is fed by the widening trade imbalance. Last year's deficit in merchandise trade with Japan was \$58 billion, about one-third of the overall United States trade deficit of \$170 billion. Some analysts believe that the figure could get even bigger this year.

"Japan is not going to get a sympathetic audience from anybody in the U.S. or from anybody in the world," said Senator John C. Danforth of Missouri, the ranking Republican on the Senate Finance Committee.

Representative Marcy Kaptur, Democrat of Ohio, said: "There is a hardening inside the Congress. The point has been reached where people want us to take strong action. I think the Japanese are laughing behind their hands wondering why we didn't do anything a lot earlier."

But Japanese resistance to U.S. trade demands is also strengthening, mainly because the dramatic fall of the dollar against the yen has hurt Japan's export industries and has brought a new phenomenon to the country: rising unemployment.

Japan reported last week that unemployment rose in January to 3 percent, the highest level since monthly reporting began in 1955.

Although this is less than half the U.S. jobless rate, the Japanese figure has caused a deepening anxiety that is reflected in less resilient Japanese positions at the trade bargaining table. The figure means that nearly 2 million workers are unemployed.

One of the big worries is that an overseas expansion by Japanese corporations is leading to a "hollowing out" of the industrial base in Japan. A recent report in Tokyo predicted that domestic employment

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Europe Braces for AIDS Emergency

Cases Double Every 11 Months; U.S.-Like Pattern Emerges

By Richard Bernstein
New York Times Service
PARIS — A story, not all that unusual in Europe these days, is told by Jean-Paul Escande, a doctor who heads the AIDS clinic at Tarnier Hospital in Paris.

Dr. Escande told of a married woman who was both pregnant and addicted to heroin.

"She believed, and I believed also, that she could have overcome her habit if she had a baby," he said. "But she tested positively for the AIDS virus."

"And so," Dr. Escande said, "there was the tragedy of AIDS."

Here was someone, he said, "who could have saved herself by gaining the motivation to overcome her drug habit, and I had to advise her to have an abortion, because the chances were just too great that her child would have died within a few months of birth."

He added that, on average, one child infected by the acquired immune deficiency syndrome virus was being born every day in France.

The AIDS epidemic, which once seemed to affect Africa and the United States far more severely than the rest of the world, has hit hard in Western Europe in the last year or so. Medical experts now expect the disease to become a major public health emergency, as it has in the United States.

Some 4,000 West Europeans are now reported to be sick with AIDS, and although they represent only a fraction of the 31,000 cases already reported in the United States, the number of people coming down with AIDS in Europe is doubling every 9 to 11 months. At the end of 1985, the known AIDS cases in the 12 nations of the European Community numbered 232, compared with 3,354 at the end of 1986.

France, with 1,221, has the most cases, according to the World Health Organization. West Ger-

ny has 875 and Britain 686. In Switzerland, Denmark, and Belgium, the number of cases, although smaller, is the highest in proportion to population in Europe.

According to the World Health Organization, 500,000 to one million people in Western Europe have already been infected by the virus and many of them will eventually become sick.

"If 10 to 30 percent of the affected people actually develop AIDS, which seems likely, there will be anywhere from 50,000 to 300,000 deaths in Europe during the next 5 years," said Jonathan Mann, an American physician who heads the WHO task force in Geneva that tries to deal with the disease around the world.

The AIDS virus cripples the immune system, leaving victims susceptible to infections and cancers. The disease cannot be transmitted without intimate sexual contact or an exchange of blood, according to medical experts.

The spread of AIDS in Europe has followed a pattern similar to that in the United States, as if the disease and its effects on individuals and society, replicated themselves across the Atlantic after a lag of two years.

AIDS in Europe first appeared among homosexual men, who are believed by most experts to have been infected during visits to the United States. It later appeared among drug addicts who shared needles to inject themselves with heroin. In the last few months, concern has mounted that the virus has

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SNOW TAKES GREECE BY STORM — Children

played on Filopappou Hill opposite the Acropolis in Athens on Monday after a snowstorm crippled the city, closing schools and disrupting telephone services and

transportation, including international flights. It was the sixth day of snow in a week, and snow was 10 feet deep in some areas. The island of Rhodes also had its first reported snowfall. Snow was expected again Tuesday.

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Artists/The Associated Press

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Saucer-Season Tales Explore Not-So-Alien Territory

By Curt Suplice
Washington Post Service
WASHINGTON — Heads up. They're here. Again.

After a 10-year lull in public interest about UFOs, 1987 appears to be the Year of the Saucer.

Three reputable publishers — Random House, Morrow and Atlantic Monthly Press — are releasing major nonfiction accounts of humans contacted, abducted or tortured by extraterrestrials.

Popular infatuation with the unidentified flying object sighted by a Japan Air Lines pilot in November has grown, putting the Federal Aviation Administration into the mail-order business.

To meet the demand, the agency is selling information packages at \$194.30 each that

contain tapes of the crew, statements by air controllers, the pilot's drawings and color photographs of radar images.

"Our membership has gone up 10 percent in the past two months," said Walt Andrus, international director of the 1,500-member Mutual UFO Network in Seguin, Texas.

"And our mail has doubled. People are realizing that there is something to this after all."

"It has been building for quite a while," said Bruce Maccabee, a navy research physicist and chairman of the Washington-based Fund for UFO Research.

The new books, he said, will provoke "an outcry for more information" from the public. "The negativists haven't realized what's going on yet."

In the 1950s, when saucers had fins like Edsels and space folks acted like intergalactic Jaycees, a self-proclaimed abductee

named Buck Nelson sold packets of fur at \$5 each. He said they came from a Venusian Saint Bernard weighing 385 pounds (175 kilograms).

Another self-styled contactee, Howard Menger, explained on television how easy it was to breathe on the moon and subsequently cut a record entitled "The Song From Saturn." It was, he said, "actual music that came from another planet."

But that was 30 years ago. The new books provide a more lugubrious forecast.

Whitley Strieber, the novelist who wrote "Warday," "The Hunger" and "The Wolfen," came out last month with "Communion," a gruesome "true story" of how he and his family were repeatedly tormented by creatures he calls The Visitors.

It includes such interludes as needles stuck into the brain, a thin probe shoved through

the nostril to the temporal lobe and other manifestations of what Mr. Strieber assumes is a form of interspecies research.

With his son haunted by night terrors and his marriage crumbling, Mr. Strieber turned to neurology, psychiatry and hypnosis. Still the horrors persisted, forcing him finally to regard The Visitors as somehow real, even to find a grudging empathy for their purposes.

He says he was not keen to write the book until he saw the "human suffering" after meeting several similarly afflicted persons through Budd Hopkins, a leading investigator of abduction claims and the author of another saucer-season volume.

Another saucer-season volume. Of the 13 houses to which he submitted the manuscript, five, he said, "turned it down with

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LATE NEWS

Poland, Vatican Closer to Ties

WARSAW (AP) — Cardinal Jozef Glemp, the Polish Roman Catholic primate, said Monday that Poland's Communist government and the Vatican were close to reaching agreement on the establishment of diplomatic relations.

Cardinal Glemp, returning from a trip abroad that included the Vatican, said that "a wish to that effect has been clearly expressed by the Polish Episcopal Conference and the Vatican, and by the Polish authorities."

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GENERAL NEWS

■ An Israeli committee will conduct an inquiry into the Polish espionage affair. Page 2.

■ Racial incidents are increasing on U.S. campuses. Page 3.

BUSINESS/FINANCE

■ Britain's leading banks cut base lending rates a half-point to 10.5 percent. Page 9.

Israel Intelligence Panel Plans Investigation of Pollard Espionage Case

New York Times Service
JERUSALEM — A Knesset subcommittee will conduct a thorough examination of the Jonathan Pollard espionage case, Abba Eban, a member of the Knesset, said Monday.

Mr. Eban, chairman of the Security and Foreign Affairs Committee, made the announcement after Prime Minister Yitzhak Shamir refused to answer questions at the parliamentary committee meeting on Monday.

Mr. Shamir, who has rejected calls for a complete investigation of the case, said Monday that the "growing hysteria" in Israel could pass on to the United States as well.

But, Mr. Eban told Israel Television Monday night, the Foreign Affairs subcommittee on intelligence matters would look into the Pollard case.

"We see a need to conduct a complete clarification," Mr. Eban said. "It is this committee's obligation to supervise and inspect the government's functions."

Mr. Shamir's aides said that Defense Minister Yitzhak Rabin will brief the intelligence subcommittee on the case on Thursday. The full Knesset will respond Tuesday to three votes of no confidence in the government, and the 10-member inner cabinet will discuss the case on Wednesday.

Mr. Pollard, 32, a former U.S. Navy intelligence analyst, was sentenced last week in Washington to life in prison for passing hundreds of classified U.S. documents to Israel.

It is not clear what the scope or significance of a Knesset subcommittee's inquiry might be, but it is not equivalent to a judicial com-

mission of inquiry that has the power to subpoena witnesses.

Meanwhile, Trade Minister Ariel Sharon said Monday that Israel has given the United States far more intelligence information that it has received and should hold steadfastly to its position regarding the Pollard case.

"Israel, contrary to what has been said, does not get from the United States all the information it needs, certainly not. She gets a very small portion," he said, adding, "If we compared what we gave against what we got over the years, we gave much more, and in more important spheres, than we received."

Israel has said that spying on the United States runs counter to Israeli policy and principles, and that Mr. Pollard was part of an unapproved "rogue" operation.

Yet, one of Mr. Pollard's alleged "handlers," Air Force Colonel Aviem Sella, was recently named to head one of the country's largest air force bases. Another of his directors, Rafael Eitan, a veteran of the espionage service, was appointed last year to head Israel Chemicals Ltd., a government company.

Mr. Shamir said Sunday that both Mr. Eitan and Colonel Sella, who was indicted last week in the United States for his role in the spy case, have been punished enough.

"I don't know if they will understand such a thing in the United States, but Aviem Sella was a serious candidate for the job of air force commander," Mr. Shamir said. "If he lost this chance, and he has lost it, it is a considerable blow."

Mr. Eitan's punishment was being distanced from intelligence work, Mr. Shamir added.



Palestinian women and children walking back with much-needed food to the besieged refugee camp of Burj al-Brajneh south of Beirut on Monday. The Palestinian command at the camp, however, later ordered women and teen-agers not to leave to get provisions after at least five women were killed in repeated gunfire attacks.

Berri Is 'Optimistic' Over Release of 4 Hostages

BEIRUT — The Shiite Muslim militia leader, Nabih Berri, said Monday that he was optimistic over the possible release of four foreigners kidnapped by militants in Lebanon.

He also said speculation over the fate of

Terry Waite, the Church of England envoy who was reported abducted in West Beirut on Jan. 20, had delayed the Briton's release.

"I am optimistic. It will take a little time, but I'm sure we will arrive at a happy solution," Mr. Berri said after meeting the wives of four foreign professors — three Americans

and an Indian — who were abducted from a West Beirut university campus on Jan. 24. Mr. Berri, for the second time in a week, renewed his offer to swap an Israeli airman captured by his Amal militia in October for 400 Lebanese and Palestinians held by Israel if the kidnappers free their four captives.

4 Captured After Attack On Home of Chirac Aide

By Julian Nundy
International Herald Tribune

PARIS — Two gunmen fired on police guarding the home of a senior Gaullist politician on Monday but were caught, along with the driver of their getaway car, after a chase through Paris and a gunbattle in which two of the men were injured, the police said.

A woman believed to be an accomplice was arrested later. None of the four arrested was identified. A police official said one of the men claimed that the attack, outside the home of the first deputy mayor of Paris, Jean Tiberi, was an effort to obtain police uniforms.

The police said they had not es-

tablished any political link to the attack although this was being investigated. One report said that a gunman had told the police that the attack was carried out on behalf of the Direct Action urban guerrilla group, but police sources said that they discounted this version.

The police said later that the three men were students but they had not established their motive.

They said that Mr. Tiberi's name had been found recently on a list of Direct Action's intended targets, together with a description of his apartment. But they still ruled out any link to the guerrilla group.

Mr. Tiberi, who is also a National Assembly deputy, has taken over the mayoral duties of Jacques Chirac since Mr. Chirac became prime minister almost a year ago.

The attack occurred as police in the capital maintained heavy security after a Paris court on Feb. 28 handed down a life sentence to Georges Ibrahim Abdallah, a Lebanese charged with complicity in the murders of a U.S. and an Israeli diplomat and in an attack on another American official.

Supporters of Mr. Abdallah claimed responsibility for a series of bombings last September that killed 11 persons, and French authorities received a number of threats that such attacks would resume if Mr. Abdallah was not treated leniently.

The attack on Monday took place at the Place du Pantheon in the city's Fifth Arrondissement, where Mr. Tiberi lives.

The police said the two gunmen, who were on foot, opened fire at 2:45 A.M. at two police officers on duty outside Mr. Tiberi's apartment building. The officers returned fire and went after the two men, who fled in a car.

Right Spreads Needles Become Lances in AIDS War But Addicts' Syringes Also Pose Moral, Political Dilemmas

New York Times Service

AMSTERDAM — Parked next to a canal not far from the famed Rijksmuseum here is a burgundy bus equipped with a condom dispensing machine as well as trays of small plastic vials containing Methadone, the heroin substitute used in the treatment of drug addiction, and hundreds of syringes intended for people who have not overcome the habit.

The bus is designed in part to distribute Methadone, but also to enable heroin addicts who refuse to give up the drug to exchange their used syringes for new ones to avoid being infected by AIDS. The use of contaminated needles is considered a major factor in the spread of acquired immune deficiency syndrome.

The free exchange of needles, which began in the Netherlands two years ago in an effort to stop hepatitis B infections among drug addicts, is likely to become common elsewhere in Europe, as several nations are preparing to follow the Dutch model.

Yet, the free exchange of syringes for drug addicts also represents a difficult moral and political choice in Europe, as in the United States, where no such programs exist despite the seriousness of the AIDS epidemic.

For many West European health officials, common sense indicates that making safe hypodermic needles available will reduce the risk of infection among drug addicts. The concern is fueled by statistics. In Italy, more than half of the 100,000 drug addicts are thought to be infected by the AIDS virus. In France, the incidence of infection is estimated at 30 percent.

Yet, the choice is made difficult by the existence of contrary or un-

certain evidence. There are some indications that the exchange of needles is not effective in stopping the spread of AIDS among drug addicts, while it does bear the risk of increasing drug addiction itself.

The debate is particularly sharp in Switzerland, where, after months of argument, pharmacies were given permission by the government late last year to sell syringes to anyone who wanted to buy one.

"Our teams of volunteers know that free syringes help to slow down the rate of infection," said Roger Staub, the head of a private group that helps AIDS victims. "I am sure of this. Our policy is that every addict should have his own syringe."

The chief medical officer of Zurich, Gonzague S. Kistler, opposed the new regulation, contending that there was little convincing proof relating the distribution of syringes with an actual slowing of the spread of the AIDS virus.

Dr. Kistler, repeating an argument heard elsewhere in Europe, said that in Italy large numbers of drug addicts were infected with the AIDS virus, even though syringes

had been available in pharmacies there for years.

Despite the mixed evidence, however, several European governments are adopting such programs. Britain has decided to go ahead with a pilot program allowing the exchange of syringes in 10 or 12 centers, where addicts will also get counseling.

In the Netherlands, officials agree there is no solid proof yet that free needle exchange will be effective in combating AIDS. "We prefer the devil we know to the devil we don't know," Giel van Brussel, the head of Amsterdam's drug office, said. "If we force drug addiction underground by a harsh policy, there won't be any medical detection at all and the problem will be worse."

But, he said that, despite the program, 30 percent of the addicts in the Netherlands are infected by the AIDS virus, a figure roughly the same as that of France, where, until just recently, needles could only be obtained with a doctor's prescription. In a one-year experiment, French pharmacies will now be allowed to sell syringes to people with no prescription.

AIDS: In Europe, Medical Officials Brace for Full Impact of an Epidemic

(Continued from Page 1)

spread to a small degree into the rest of the population.

"Our specialists don't like to hear it, but there are some groups that form a link between the high-risk groups and the rest of the population," Gonzague S. Kistler, the chief medical officer for the canton of Zurich in Switzerland, said.

Among them, he said, are married men who have occasional homosexual encounters, and, more important perhaps, men who patronize prostitutes infected with the virus through drug addiction or the addition of their clients or other sex partners.

Roel Coutinho, the chief of the AIDS office in Amsterdam's health department, said: "Drug-addict prostitutes may play a very important role in the propagation of AIDS. They have a lot of contacts, and they don't stop working even when they are sick because they need the money to pay for their drugs."

Whatever the factors involved in the spread of the disease, experts agree that no West European country is likely to be spared the epidemic, because what comes to one country will inevitably spread to the others. Dr. Kistler said that in a couple of years Europe would not be much better off than the United States.

"We have been able to inform people of the danger earlier than they did in the United States and this is an advantage," he said. "But, in Switzerland, for example, the reality is that there are 50,000 to 100,000 homosexuals and 20,000 to 30,000 drug addicts. Half of the drug addicts have the virus. In all, about 20,000 people are already infected."

"If there is not a dramatic change in behavior," Dr. Kistler said, "many in these high-risk groups will die, and, usually, the members of the high risk groups do not change their behavior dramatically."

As in the United States, the disease struck first in the major cities, particularly those where both homosexuality and drug addiction were widespread.

Experts say that the high inci-

dence of AIDS in Zurich, which is the most heavily affected single city in Europe, is almost surely due to the cosmopolitan nature of its population, and the fact that the Swiss travel abroad a great deal.

"We have the image of being very conservative, but the image is wrong," said Roger Staub, the head of the Swiss AIDS Foundation, a private group that conducts educational programs aimed at preventing the disease. "Zurich has one of the biggest gay scenes in Europe, one of the biggest sex scenes, and one of the biggest sex markets."

There is a sharp difference in the spread of the disease between the countries of southern Europe, in particular Italy and Spain, where more than half of those infected are drug users, and the northern parts of the continent, where homosexual men are the large majority of victims.

One possible reason is that homosexuality is less accepted and openly practiced in the southern, largely Roman Catholic, countries than it is in the more liberal north.

The West European response to AIDS has varied from expressions of alarm and demands for the quarantine of infected people to splashy publicity campaigns in which subjects rarely before discussed in public are being openly aired.

Several countries have begun to plan ways to provide care outside of hospitals for AIDS victims, whose numbers could eventually strain the capacities of health systems.

In England, the secretary for social services, Norman Fowler, has called for the creation of hospices to treat the large number of AIDS cases expected for the future. In France, the H.I.P. Association, a group founded by homosexuals, will maintain apartments where patients not cared for by friends or families can be treated.

The Swiss AIDS Association, a private group with offices in most Swiss cities, has created a new condom and marketed it directly to homosexual bars, clubs, and bathhouses. The group wrote to 6,000 people, most of them women, who advertise in the numerous sex-exchange magazines, warning them of the danger of AIDS.

Most governments have resisted

calls for what has come to be called "ghettoization" of the disease.

Officials in several countries say that demands to isolate AIDS patients or to quarantine them in special hospitals, have been remarkably limited, given the terrifying nature of the disease. Yet alarm has been expressed in most places where AIDS has spread.

In Britain, Julian Peto, an epidemiologist at the Institute of Cancer Research, has argued that all people should be required to carry cards showing they have been vaccinated for the disease.

In Sweden and in West Germany, some rightists have demanded that all people testing positively for the AIDS virus be tattooed, so they can be readily identified by those with whom they might have sexual contact.

None of these proposals has been adopted, but in southern Germany, the conservative government in Bavaria adopted tough measures after the central government rejected its demand that all people infected with the AIDS virus be registered nationally.

August Lang, the Bavarian interior minister, announced last month that tests for infection with the AIDS virus would become mandatory for some groups, including prostitutes, persons in hotels and some foreigners who want to live in Bavaria. He said that bawdy sexual bathhouses would be banned and that there would be mandatory testing of people arrested in raids on such establishments.

The measures in Bavaria have been criticized as exaggerated, alarmist, and, most important, ineffective in fighting the AIDS epidemic.

A campaign in Britain, which began last year, has been perhaps the most highly visible in Europe, with posters and television advertisements using the slogan: "Don't die of ignorance."

In Switzerland, a brochure containing information about AIDS was mailed to every household. In France, the minister of health, Michele Barzach, has proposed that an AIDS test be mandatory for all couples wishing to get married — not to prevent marriage by those testing positive but to ensure they know the danger.

WORLD BRIEFS

Libya, Chad Holding Talks in Sudan

KHARTOUM, Sudan (AP) — A Sudanese official said Monday that peace talks between Libya and Chad were being held in Khartoum. Prime Minister Sadek el-Mahdi of Sudan said negotiations had been going on for two days, but refused to say if there was any progress. He said the outcome of the talks would not be announced until the delegations had consulted with officials in their countries.

Mr. Mahdi also said Sudan was urging parties in the Chad fighting to stop using Sudanese territory and air space. Sudan has been trying since January to mediate the Chad conflict.

U.S. High Court Widens Asylum Law

WASHINGTON (AP) — The Supreme Court ruled Monday that the government should grant asylum to illegal aliens who have "a well-founded fear" that they will be persecuted if forced to return to their homeland.

By a 6-3 vote, with the chief justice, William H. Rehnquist, in the minority, the justices rejected a Reagan administration appeal in the case of a Nicaraguan woman living in Nevada who said the Sandinistas would persecute her if she goes back to her native country. The administration, in appealing to the Supreme Court, said it could be forced to reopen thousands of cases in which asylum has been denied. In addition, the administration said, there are some 11,000 new asylum cases each year.

Justice John Paul Stevens, writing for the court, said "a well-founded fear" of persecution is easier for illegal aliens to demonstrate than "a clear probability" that persecution will occur. "To show a well-founded fear of persecution an alien need not prove that it is more likely than not that he or she will be persecuted in his or her home country," Justice Stevens said. "It is clear that Congress did not intend to restrict eligibility for those who could prove that it is more likely than not that they will be persecuted if deported."

Andreotti Asked to Form Government

ROME (Reuters) — President Francesco Cossiga on Monday asked Giulio Andreotti, a Christian Democrat and foreign minister in the outgoing cabinet, to try to form a new government despite strong opposition from the Socialists to his nomination.

After almost a week of consultations on how to resolve the crisis caused by the resignation last Tuesday of Bettino Craxi, the Socialist prime minister, Mr. Cossiga nominated Mr. Andreotti, 68, as prime minister-designate, government officials said. Mr. Craxi's resignation was blamed on continuous disputes among the coalition partners, mainly between the Socialists and the Christian Democrats.

The government officials said that Mr. Andreotti would wait until he had ascertained whether he could form a new team before officially accepting, a normal procedure in Italy. He made it clear that he would try to put together a government on the same basis as the outgoing coalition of Christian Democrats, Socialists, Republicans, Liberals and Social Democrats.

Reagan's Communications Aide Quits

WASHINGTON (AP) — John O. Koehler resigned Monday as the White House communications director, after one week in the position, at the request of Howard H. Baker Jr., the new White House chief of staff.

Mr. Koehler, in announcing his departure, said Mr. Baker needed "to have his own team." He added, "A new general manager of an important enterprise must be totally comfortable with his staff." He said he would resume work as a private consultant.

Mr. Koehler was hired to replace Patrick J. Buchanan in the communications post in the final days of Donald T. Regan's tenure as chief of staff. He said Monday that his departure was not linked to disclosures that at age 10 in Germany he had belonged to a Nazi youth group for six months.

For the Record

Hooded men shot and seriously wounded a Spanish Army lieutenant, José Manjón, on Monday as he left his home in Vitoria, Spain. Police said they suspected guerrillas of the Basque separatist group ETA, a Basque language acronym for Basque Homeland and Liberty. (Reuters)

The U.S. Army and GenCorp Corp. of Carbondale, Pennsylvania, have resolved their differences over combat helmets manufactured by the company. The helmets were first determined to be substandard, but the Defense Logistics Agency later issued a statement following "detailed examination and testing" that the helmets were acceptable. (NYT)

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Reagan Themes Return In a Democratic Guise

Social Legislation in Congress Reflects A New Budgetary and Political Reality

By Helen Dewar
Washington Post Service

WASHINGTON — When Edward M. Kennedy took over the chairmanship of the Senate Labor and Human Resources Committee, he called for a "new agenda for social progress in America."

His goals sounded familiar: better education, improved health care, jobs for the unemployed, help for the destitute. But the federal government's anticipated role in meeting these goals, as it is emerging in Mr. Kennedy's committee, is far different from what Americans had grown to expect from Democrats in general, and Mr. Kennedy in particular, before President Ronald Reagan came along and lowered their sights.

Instead of comprehensive national health insurance, one of Mr. Kennedy's major goals a decade ago, the government would require a minimum level of benefits through private insurers. Rather than pumping huge new sums of money into education, as Democrats have proposed in the past, the government would aim limited resources at areas of greatest need.

Instead of creating jobs, which was the party's response to unemployment in the late 1970s, the government would reward states with federal aid when they get people off welfare and into jobs. The cost, once counted in billions of dollars, is now measured in millions.

"America does not have to spend more to do more," said Mr. Kennedy in what has become the Democrats' credo as they wrestle with the political and fiscal legacy of Mr. Reagan — and the legacy of their own defeats — in drafting the scenario for a political comeback.

In the first two months of the 100th Congress, with the Democrats in full control for the first time since Mr. Reagan took office in 1981, the House of Representatives and Senate have become laboratories for the incubation and testing of new Democratic ap-

proaches for the post-Reagan era. With an almost feverish enthusiasm that had been missing from their ranks for the past six years, Democrats are churning out proposals that suggest, in broad outlines if not precise detail, where the party is headed.

The damage to the Reagan administration in the Iran-contra affair and the affair's implications for the 1988 elections have emboldened the Democrats to push their agenda with new force and self-confidence.

But Mr. Reagan's concept of a more limited federal government, reinforced by continuously high federal budget deficits, has been embraced by the Democrats to a degree that would seem unimaginable only a decade ago. Many of the broad themes that Mr. Reagan articulated, especially in his more successful early years in office, have become part of the mainstream of American politics.

In contrasting Democratic approaches of the mid-1970s and mid-1980s, probably the single most important influence is the budget deficit, which has more than tripled under Mr. Reagan.

The deficit threatens not only Mr. Reagan's military buildup, but also Democrats' hopes for expansion of education, health, employment and other social welfare programs. Even if Democrats succeed in convincing Mr. Reagan to accept a modest tax increase, the revenues they produced would be soaked up in meeting the ever-lower deficit targets of the budget control law.

Democrats are turning increasingly to "marketplace solutions," as in the case of Mr. Kennedy's proposal to require private employers to provide specified levels of health insurance, including coverage for catastrophic illnesses, which require expensive and long treatment.

They are also avoiding or minimizing the creation of new bureaucracies, or expansion of old ones.



'America does not have to spend more to do more' for the unemployed, the destitute, the seriously ill or the uneducated.

— Edward M. Kennedy

Detoured from embarking on grandiose programs that would involve attack on both fiscal and political grounds, they are pursuing incremental approaches, such as the gradual expansion of Medicaid that has significantly broadened coverage for pregnant women and infants over the past three years and holds out prospects for even wider coverage in the future.

"We do by small steps what we can't do by giant leaps," said one Democratic aide.

Priorities have become a watchword among Democrats. Senate Democrats, for instance, are working with the administration to find ways to channel scarce education dollars into school districts with the highest concentration of disadvantaged students and into programs that do the most for them. In the House, Democrats are emphasizing aid to the homeless.

Even some of the most ambitious and traditionally Democratic proposals are being sold on essentially conservative grounds. For instance, Senator Paul Simon, Democrat of Illinois and chairman of the Labor and Human Resources subcommittee on employment, has proposed a "Guaranteed Job Opportunity Program," modeled after the Depression-era Works Progress Administration. The plan would provide 32 weeks of minimum-wage employment along with aid in finding permanent private-sector jobs.

Mr. Simon says the estimated \$8

billion cost would be largely offset by reduced welfare outlays, and he defends the investment in jobs as a way of strengthening families, deterring crime and drug abuse and stimulating business. It would be managed locally, thereby avoiding the threat of an expanded federal bureaucracy.

The new zeal to share responsibility — and costs — with state and local governments is evident in the Clean Water Act, drafted with bipartisan support in the 99th Congress and enacted over Mr. Reagan's veto as one of the first acts of the Democratic-controlled 100th Congress.

The law will phase out federal grants for construction of sewage treatment plants and create state revolving funds to finance such projects in the future. Social programs are also being fashioned with cost-sharing in mind.

In another example of Reagan notions that have taken root in Congress, the broad concept of users paying for the services or benefits they receive are being explored as a way of financing new programs.

For instance, expansion of Medicare to cover catastrophic illness would not be financed from general revenues or an increase in the payroll tax on workers. It would be paid for by beneficiaries, either through a new premium or by taxing the actuarial value of the benefits.

Racial Tensions Rising on U.S. Campuses

By Isabel Wilkerson
New York Times Service

ANN ARBOR, Michigan — As college officials around the country try to stem what they perceive as worsening racial tensions, racial incidents at the University of Michigan are creating a furor among students and administrators on a campus long known for social tolerance.

Two weeks ago, the campus radio station here was shut down after a student disk jockey broadcast racist jokes that Harold Shapiro, the university's president, called "painful" and "a cause for grief."

In January, a flyer declaring "open hunting season" on blacks was slipped into a lounge where a group of black women were meeting. And a wooden shanty built on campus to protest the South African government's policy of racial separation has been knocked down repeatedly and burned once.

Last week, hundreds of people packed a special hearing on campus called by state legislators investigating the incidents. There, minority students told of being spat upon, taunted with racial slurs or threats of lynching, and otherwise attacked.

"What you have here," Anthony Henderson, a graduate student, told the legislators, "is a situation that's ready to explode."

Students and administrators say they are confounded by the assaults involving some of the nation's most enlightened young people and occurring on a campus where, less than a generation ago, students staged frequent demonstrations over everything from civil rights to the Vietnam War.

"I think of these things happening in the South, not in Ann Arbor," said Brian Stirling, a freshman, who is white. "But if they're doing it here, it has to be worse elsewhere."

In recent months, racial incidents have been reported at colleges across the country. In October at The Citadel, a military academy in Charleston, South Carolina, five white cadets clad in white sheets and hoods invaded a black cadet's room at night, shouted racial obscenities and burned a paper cross.

The following week, a crowd of white students attacked several black students outside a dormitory at the Amherst campus of the University of Massachusetts. The melee, somehow related to the victory of the New York Mets in baseball's World Series, left 10 people injured, including a black student who was beaten unconscious.

And last month, a member of the board of trustees at Wellesley College in Wellesley, Massachusetts, resigned amid campus outrage over a class lecture in which she made

comments that were construed as racist. Though no one keeps statistics on such incidents, officials at the colleges and experts in race relations say they seem part of a growing pattern of bigotry and animosity toward minority students.

In a recent survey of black students at 16 predominantly white colleges, 4 out of 5 blacks reported experiencing some form of racial discrimination. And the rate of such incidents was as high as schools in the Midwest and on the coasts as it was at those in the South, according to the survey.

"There is a consistent pattern of students feeling alienated and unwelcome," said Walter Allen, a sociologist at Michigan and the author of the study. "The experiences range from unkind words to physical assaults."

Minority students and faculty members across the country say the incidents are evidence of longstanding racial unease. In part, they blame cultural insensitivity for the conflicts, along with resentment over affirmative action programs and a decline in black student enrollment in the past decade that sets black students apart at predominantly white schools.

According to the U.S. Education Department's Office of Civil Rights, blacks in 1972 constituted 3 percent of the students in four-year institutions. The figure rose to a peak of 10.3 percent in 1976, but by 1982, the latest year for which figures are available, the proportion had declined to 8.6 percent. Blacks make up 5.3 percent of the 34,000 students at the University of Michigan, as against 7.2 percent in 1976.

Some students say that because of their small numbers, many black students unintentionally widen the gulf between racial groups when they socialize with other blacks and observe voluntary color lines in cafeterias and fraternities.

Others point to a highly competitive atmosphere that pits students against each other. "Students aren't as interested in social responsibility when it's not going to get them a job," said Kurt Muench, a senior who is president of the student body at Michigan.

College administrators are seeking ways to deal with the incidents and underlying racial problems. At the University of Massachusetts, the chancellor, Joseph Duffey, ordered a special investigation of the October melee, asked the Hampshire County district attorney to put a special investigator on the case and proposed annual seminars on racial tolerance.

At The Citadel, the intruders who harassed the black cadet were punished, though not expelled. The black victim resigned from the academy and has filed suit against the school. The Justice Department

is now considering the case for prosecution.

At Michigan, Mr. Shapiro, the university president, said he would seek to bring more minority students and faculty to the campus. He also shut down the campus radio station on Feb. 19 and set up a special commission to investigate the Feb. 4 broadcast of racial jokes after a black student played a tape of the show to the university's board of regents.

The student disk jockey, Ted Sevransky, a sophomore, was fired from his nonpaying job after charges that he encouraged callers to make racist jokes on the air.

But black students say they are equally disturbed by the apparent indifference of Mr. Sevransky's listeners. "It almost slipped by without being noticed," said Michael Walker, a senior economics major there and member of the campus's newly formed United Coalition Against Racism. "People sat and listened to the show without realizing it was wrong."

Despite the attention the incident received, "some white students still can't understand why things are being blown out of proportion over a few harmless jokes that most people are guilty of laughing at anyway," he said.

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Plan to Sell Arabs Shells Is Criticized

By Howard Kurtz
Washington Post Service

WASHINGTON — A senator has criticized a Defense Department plan to sell anti-tank shells made from depleted uranium to Egypt, Saudi Arabia, Jordan and Bahrain.

The United States has never sold this type of ammunition to a foreign country. Sources said the shells, included in a proposal to sell \$2.2 billion in arms to the four nations, would be worth less than the \$14 million above which congressional approval is required.

The anti-tank shells are made from depleted uranium, an extremely hard and heavy substance that is not radioactive. They achieve greater penetration than conventional ammunition and are considered more advanced than the usual shaped-charge round for attacking armored vehicles or fortifications.

In a letter to Defense Secretary Caspar W. Weinberger, Senator Arlen Specter, Republican of Pennsylvania, said he is "very concerned that introduction of this ammunition to that volatile area will destabilize the precarious military balance between Israel and these four nations." He also said that the shells "could end up in the hands of more radical Arab states or terrorists."

Mr. Specter described the ammunition as "state of the art" and said it "has not previously been sold to any foreign nation, including our NATO allies, Israel or Japan."

[The Defense Department said Monday that the shells might also be sold to Israel and other nations upon request. Reuters reported. A spokesman said that smaller-caliber ammunition made from depleted uranium ammunition already had been sold by the United States in the Middle East and other parts of the world.]

Reagan Speech Perceived as Truthful But Poll After Iran Admission Finds He Lacks Command

The Associated Press

LOS ANGELES — President Ronald Reagan made a truthful speech on the Iran-contra affair, according to most respondents of a poll published Monday, but they appeared uncertain that he would fulfill his promises to overhaul White House operations.

Despite the Tower commission's criticisms of Mr. Reagan's management style, 80 percent of those surveyed last weekend by the Los Angeles Times Poll said they liked Mr. Reagan personally, and 52 percent approved of his job performance.

The Times polled 1,566 people it had surveyed before the speech and before the report by the presidential commission headed by former Senator John G. Tower was released Feb. 26. The margin of error is 3 percent in either direction.

Mr. Reagan's performance rating was slightly down from the 55 percent figure reported before the

commission criticized the president's management style.

An overwhelming 70 percent of those polled said they would have to wait to see if the president actually made the management reforms he promised Wednesday.

The speech was termed "good" by a 4-1 margin, and four in seven respondents found the president's remarks responsive and truthful.

The number of people who believed the president had lied sometime during the Iran-contra affair, however, rose 9 percentage points to 53 percent, compared with 37 percent who disagreed. And two in three believed the Iran affair would hurt the president's leadership.

Respondents said they believed, 61 percent to 31 percent, that important decisions of state had been made without the president's knowledge, as the Tower report indicated.

Those who said that Mr. Reagan was in control of the government rose slightly to 46 percent, com-

pared to 48 percent who disagreed.

Sixty-seven percent said they believed Mr. Reagan kept himself informed about the complex problems of government, but that figure was down 8 percentage points from the previous survey.

The respondents were about evenly split over whether Mr. Reagan actually apologized in his speech for his handling of the affair, but they were satisfied with his explanation of personal accountability by 54 percent to 41 percent.

They also were evenly divided over whether it was time to put the affair behind the nation or whether further investigation was needed.

The respondents appeared somewhat buoyed by the address, with 24 percent saying the nation was heading in the right direction, up 11 percentage points from the previous poll. But 24 percent said it was going in the wrong direction, and half of the respondents said that the answer is somewhere in between.

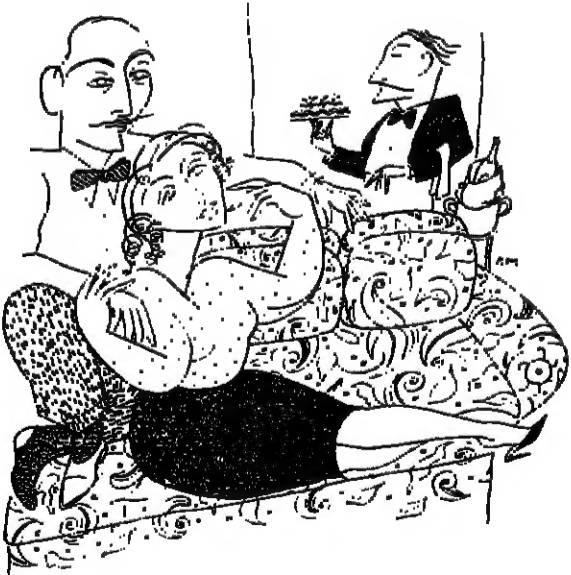
Convicted Killer Captured by FBI

Reuters

RIVERSIDE, California — One of the 10 most wanted fugitives in the United States, Claude Lafayette Dallas Jr., a convicted killer, has been captured without a fight, a Federal Bureau of Investigation spokesman said.

The self-proclaimed "mountain man," who has been the subject of a television film and two books, was taken prisoner on Sunday night as he came out unarmed of a grocery shop in Riverside, an FBI spokesman said.

Mr. Dallas, who has an expert knowledge of the wilderness, was jailed for 30 years for killing two game wardens when they caught him hunting deer out of season in April. He escaped from prison in April.



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'Adoption' Program to Help Restore 20 N.Y. Monuments

New York Times Service

NEW YORK — Almost abandoned by the public treasury that was supposed to care for them, 20 monuments in New York City have been put up for private adoption so they can survive an increasingly hostile environment.

Their designers are in the forefront of art and architecture: Augustus Saint-Gaudens, Stanford White, Daniel Chester French, John Quincy Adams Ward and Richard Upjohn. Their subjects are in the forefront of history: Columbus, Joan of Arc, Washington, Lafayette, Lincoln and Major General William Jenkins Worth, who was buried beneath his monument.

This public legacy bears deep scars. Acid rain, automobile fumes and factory emissions have eaten away at bronze and turned marble sponge-like. Vandals have torn off heads and arms and covered granite pedestals with spray paint. The city government spends about \$175,000 a year on seven or eight monuments. It also spends about \$1.3 million to repair and restore the 20 monuments in question. Repairs for the monuments up for adoption are expected to cost from \$3,500 to \$275,000.

In recent years, civic groups and corporations have adopted single monuments on an ad hoc basis. But this is the first attempt to meet the monuments on a citywide basis. It also amounts to an acknowledgment that government cannot adequately care for this artistic patrimony. As far as its organizers know, "Adopt-a-Monument" is the only program in the United States that seeks to restore such a wide range of monuments with private money.

Herald Tribune

Published With The New York Times and The Washington Post

Yes, Help the Kremlin

There is an argument uncoiling now among students of foreign affairs about how much to help the Soviets. Sure, Mikhail Gorbachev's changes in the Soviet Union appeal to Americans; more openness, more freedom, more popular participation in decisions. But think of the reason he seeks those changes. He hopes they will make the Soviet Union stronger. Can America, including its idealism, afford to back him, at the risk of strengthening its adversary?

The answer is yes, and it is not at all that hard an answer to reach.

The argument starts with an overblown assumption about how much the United States and the West can influence internal Soviet affairs. American actions will not determine Mr. Gorbachev's success or failure. An arms control decision, an economic sanction, a credit extended or withheld can push at the edges. But the Soviet Union is big, powerful and largely self-sufficient. Only the Soviets can reverse, or fail to reverse, its economic decline.

The argument also oversimplifies the risks. It assumes that a strengthened foe is the principal danger for the West to avoid. But that is not the real issue. Whether or not Mr. Gorbachev succeeds, the Soviet Union will be a world power with interests contrary to those of the West. It could be argued that if Mr. Gorbachev fails, a dispirited, angry Soviet leadership would be more threatening and more expansionist.

And what if he succeeds? His aim is a stronger economy, but if the means to this end include greater freedoms for the Soviet people, that is what Westerners have wanted to see in the Soviet Union for decades. And if reforms require more honest communication with the West and a Soviet economy more integrated internationally, that is also desirable. So is a less opaque Soviet society with fewer of the miscon-

ceptions, misperceptions and insecurities that feed present hostility.

As for arms control accords, they should be pursued or not depending on U.S. interests in each case. Some might not help the Soviet economy; some might.

An agreement on medium-range missiles in Europe has little bearing on how Soviet economic resources are allocated. It would simply require Moscow to destroy existing weapons. A pact to limit research on strategic defense systems is another matter. For Moscow to compete with Washington in high technology, where its resources are most scarce, would have a serious economic impact. Fear of this competition is clearly a major reason for Moscow's interest in limiting research on space-based defenses.

The key question is not whether a new arms treaty would help the Soviet economy, but whether it would add to Western security. Similarly, decisions to trade or not to grant credits or not turn on the benefits of each transaction to the West.

The point is that Washington and its partners should not fear saying yes on the theory that what is better for the Soviet Union is automatically worse for the West. If Mr. Gorbachev takes a yes as encouragement to free more political prisoners and allow more freedom and more emigration, so much the better for all. These, too, are fundamental Western interests.

It is a mistake to exaggerate the impact of American support or opposition on Mr. Gorbachev's reforms. They will turn preeminently on internal Soviet circumstances. And it is a mistake to pretend there are no risks, however carefully assessed. There is no guarantee that a reformed Soviet Union will be more benign. But given what the United States stands for, these are risks it should be prepared to take.

—THE NEW YORK TIMES

Brazil Has to Shape Up

When Brazil suspended payments on its foreign debts, creditors had good reason to fear that other Latin countries would follow its bad example. Since then, banks and governments have been working hard and effectively to keep the Brazilian virus from spreading. Governments, in Washington and in Europe, have been telling the Brazilians that they are going to have to deal with the banks. And the banks have suddenly put some teeth into previously rigid bargaining positions, bringing to a rapid close some of the negotiations with other debtors that had been dragging on for months.

In early February the U.S. Treasury told the banks not to look to the World Bank to grease an agreement with Chile; that pronouncement reflected U.S. distaste for Chile's military government. Then the chairman of the Federal Reserve, Paul Volcker, warned that the whole debt negotiation process was getting bogged down. On Feb. 20, Brazil said it was holding up all further payments on its huge foreign debt. Brazil's government was trying to recoup from a series of mistakes in economic policy that had produced, by that point, an inflation rate of more than 500 percent a year.

A few days later, Argentina, to deal with an inflation rate that was far lower but rising, chose another kind of response and imposed a freeze on wages and prices. Within 24 hours the United States and other industrial countries joined in a \$300 million emergency loan to help Argentina

with its foreign payments. That was a double message. It said that the world would treat Argentina, a democracy, differently from Chile. And it told Latin America that help is available for those countries that try to cope with their internal troubles and deal in good faith with their creditors.

Meanwhile, the banks came to a satisfactory agreement with Chile, without public help. And they announced that a big new loan to Mexico will be delivered this month. Now they say their long negotiations with Venezuela have also been successfully concluded, on terms they had been resisting.

Brazil's finance minister, Dilsen Fumero, has been touring world capitals to try to talk the industrial countries' governments into intervening directly in his talks with the banks. In these countries there is great sympathy for Brazil, but not much inclination to encourage it to evade its own responsibilities. Brazil is a genuine democracy, but its president keeps trying to win popularity with fatally inflationary wage increases. Britain's chancellor of the Exchequer, Nigel Lawson, gave Mr. Fumero a crisp and useful answer. First of all, he said, Brazil has to commit itself to an economic policy that promises to get its domestic economy under control. Without that, no amount of foreign financial help will make much difference. With it, as Argentina's case suggests, help will be forthcoming. But Brazil has to act before it turns to its friends.

—THE WASHINGTON POST

Beyond Comprehending

Long before our species had an identity, let alone a telescope, there was a dark space in the Greater Magellanic Cloud as it might have been seen from Earth. On Feb. 24, shortly before dawn, a light went on in that dark space, and by chance a Chilean observer with a telescope noticed it. What he saw, he realized after studying a routine photograph, was an event that had taken place about 163,000 years before.

Let scientists explain the event that produced the source of the new light, a supernova. What is striking is that the unimaginably long time that it took the light to reach that camera plate in Chile all ended in a particular instant, in just a point in time.

Astronomers may say that the distance measured by 163,000 years of light transmission is not really very far as galaxies go. Yet on Earth, 163,000 years in time is a period that only geologists can comprehend. Nothing can give Earthlings a sense

of the distance light travels, at 300,000 kilometers (186,000 miles) per second, in 163,000 years. In this century, humans have seen their scales of distance and time change geometrically. Alvin Toffler, the author and futurist, has observed that for thousands of years the graph line for the fastest form of human travel was flat — about 32 kilometers (20 miles) per hour, in a chariot. In the last 150 years the line has turned almost straight up, from trains to planes to rockets that fly thousands of miles per hour. Yet compared with supernova distance and astronomical time, Earth's measures seem stable, its contrasts muted.

There is a certain calm that settles on an Earthling after comparing this planet's scales to the unimaginably distant sight of supernovas, or the unimaginably exact instant in which 163,000 years came to an end. One might call it a celestial peace.

—THE NEW YORK TIMES

Other Comment

And Yet Disaster Struck

The ships in which we cross the seas in the 1980s possess radar and echo-sounders, lifeboats and life rafts in profusion, inertial navigation equipment, computerized control systems — and yet still such a disaster can take place as that off Zebrugge.

The deep religious convictions of past generations stemmed not least from humility born of awareness of so much that was unknown and mysterious. This we have almost lost; and thus we suffer such shock and horror on being reminded of the power of fate, together with the sea, to dash our

pathetic delusions to nothing. We offer deep sympathy to all those who lost loved ones in the Zebrugge tragedy. But we shall merely underline the incoherence of our concepts if we proclaim that we shall allow no more human misfortunes like it.

—The Daily Telegraph (London).

Sweden Is Told Where to Go

We don't like sanctions and we prefer not to have any imposed on South Africa, but Sweden is one country imposing sanctions that can go to hell for all we care.

—The Citizen (Johannesburg).

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Euromissiles: Put Gorbachev to the Test

By Flora Lewis

PARIS — Both Moscow and Washington are suddenly waxing optimistic about a breakthrough on arms control to start eliminating all medium-range nuclear missiles from Europe. The Russians say that agreement should be possible by summer because only "technical" problems remain. Secretary of State George Shultz, who is going to Moscow next month, says he sees hope for a breakthrough along on long-range missiles, the big birds of nuclear holocaust.

This is certainly good news. It is the first move since the strange interlude of the Reykjavik summit last October, and this time it is crucial to get it all right. President Reagan's near giveaway of the whole American deterrent strategy, in return for the right to cherish his still visionary "star wars" defense, sowed panic among allies, American military commanders and many American strategists who favor serious arms control.

Only those who at heart oppose any agreement, such as Assistant Secretary of Defense Richard Perle, seemed not to be upset.

It was Mr. Perle who was primarily responsible for establishing the "zero option" as the key American negotiating position on the Euromis-

siles. It looked a sure-fire loser at the time, when the Russians had nearly 900 warheads targeted on Europe and the United States had deployed none. Indeed, Moscow walked out on negotiations and Europeans then accepted American missiles without political upheaval.

Now General Secretary Mikhail Gorbachev has called the bet, accepting the removal of all Soviet missiles from Europe and equality of 100 Soviet and U.S. warheads facing Asia. European governments are not happy with the proposal, but it is a mistake for Americans still trying to block any treaty to use that as an argument. Europeans would still rather have the agreement which looks possible than another breakdown in the whole arms control process, which they would have a hard time explaining to their uneasy publics.

There seems to have been a bit of turnaround. The Russians' chief negotiator, Yuri Vorontsov, came to Paris last Friday and gave a free-wheeling news conference — confirming again that Mr. Gorbachev has launched a whole new style of Soviet diplomacy. Mr. Vorontsov, as number two in the Soviet Embassy in Washington, ambassador to France and now first deputy foreign minister, is a chatter, at ease in idiomatic American, outgoing, knowledgeable. He gave notice that the new Soviet line is to "take the offensive" on bringing the world to leave "how to live with nuclear weapons." And he can be specific about it.

The banned missiles will have to be physically destroyed, in public, he said. More important, Moscow has switched from its traditional reluctance to allow inspections to a call for the most intrusive inspections imaginable — anywhere on

the territories concerned, since the missiles are mobile, and any factories that could be making new ones. Mr. Vorontsov warned a group of U.S. senators at the Geneva talks that laws might have to be passed allowing Soviet inspectors into private companies if companies claim a right to industrial secrecy. This goes fantastically far.

It could be that Mr. Gorbachev is copying Mr. Perle's mistake of making an extravagant offer he would not want to accept himself on the conviction that Washington would never agree. If so, he should learn from his own experience. There can be no such guarantees of permanent rejection. Nuclear arms reduction is too important to the whole world for negotiators to resort to gambits and ploys. The focus has to be on substance.

Above all, the new Soviet emphasis is on "reciprocity," exactly the same rule for both sides. That must be understood as the United States moves forward in putting up its requirements. For example, if America insists that all the Soviet missiles permitted in Asia be located at Novosibirsk, as reported, Mr. Vorontsov said, "We will choose our favorite site in the U.S." presumably one equally far from designated targets.

But on shorter-range missiles up to 600 miles (1,000 kilometers), which worry the Europeans, he said, "We know your little secret. The U.S. doesn't have them, so we'll be willing to cut down ours."

Earlier, Moscow had asked for a freeze, which would have left it way ahead in this category. "We all signals that the Russians really want an agreement but are going to be tough on demanding equality. It is time to put them to the real test and stop playing for error. America must decide what nuclear policy it really wants to live with. There is a chance now of getting a better one."

The New York Times

What Did the American People Know, and When?

By James Reston

WASHINGTON — Everything has been examined now about what happened to the U.S. government except the role of the American people. We have blamed everybody but ourselves. It is almost as if the American people had taken the Fifth Amendment or been granted immunity from explaining why they elected Ronald Reagan in the first place.

We could not really say he deceived us. The Tower commission has complained about his ignorance of the facts, his carelessness with the truth, his excessive reliance on subordinates, but we knew all that back under when he was governor of California.

He was the good-looking, easy-talking type out of Hollywood that every mother warned her daughter to avoid — irresponsible but irresistible. Americans did not really elect him but fell in love with him.

He followed every old movie script to the letter. He sold us the Brooklyn

Bridge in his first term, and took us to the stars in his second. He hawked the family jewels and mortgaged the old house, and got money the new-fashioned way — he borrowed it.

Nothing broke the spell. We knew he could not balance the budget by cutting taxes, or get us peace and prosperity with a credit card, but it was such a happy idea, and he was such a nice man, and it made us feel so good.

It was not until he was discovered selling guns backstage to the terrorists in Iran, of all people, that we woke up at the beginning of the last act, stunned by the crash.

How could it have happened? What did the American people know and when did they know it? They knew everything from the start and did nothing about it.

They like him because they are like him: well-meaning, optimistic, credu-

lous, stubborn and a little bit dumb. It is not new, either. We knew the Japanese would not dare attack us at Pearl Harbor; that the Chinese would not cross the Yalu when Douglas MacArthur went beyond the 38th parallel in Korea; that we could rout the Cubans at the Bay of Pigs; that the North Vietnamese would run away when they saw our tanks and planes; that Beirut would settle down when the marines landed; and that with our money and our guns the "freedom fighters" would triumph in Nicaragua.

We knew, too, that what is popular is not always right; that we tolerated slavery for 100 years and had to fight a civil war to get rid of it; that winning an election is not the same as governing a nation, and that sometimes, as Leo Durocher said, "Nice guys finish last."

We still don't know who went South with Oliver North's money, or who those "moderates" were who were supposed to swap hostages for guns in Iran, but we know that governments often drift into trouble and that there is enough blame around now to cover us all, including the people.

We have another election coming up. However, and it will break our hearts if we don't learn the lessons of these recent events.

"We must adopt the habit," Walter Lippmann wrote more than 40 years ago, "of thinking as plainly about the sovereign people as we do about the politicians they elect. It will not do to think poorly of the politicians and to talk with bated breath about the voters. No more than the kings before them should the people be hedged with divinity. Like all princes and rulers, they are ill served by flattery and adulation."

This suggests not only taking a different look at our officials but at ourselves in the 20th year of the Constitution. Our low regard for an acknowledged disgrace, and the method of choosing and nominating candidates is little more than a television show. It will probably be even worse in 1988 when the candidates are flying around 13 states on Super Tuesday, appealing to local prejudices instead of the national interest.

Americans will need to know far more this time about the character and age and health of the candidates, and about the people they propose for their cabinets and staff.

This will or should mean earlier examination of the personal and political record, and more direct debate between the nominees without the intrusion of reporters.

In short, more attention by the people at the beginning of the election process rather than at the end.

If we did not know before, we know now that history means something, that scandals do not just happen by accident but have deep roots, and that governments and even civilizations have the same fragility as a life.

Poorly Equipped For Transitions

THE saving grace is that President Reagan's decline has evoked no great outpouring of jubilation among his opponents. Democrats are not jumping up and down with glee as they did in the closing years of Herbert Hoover's administration. The mood is somber, a groping quest for ways to keep things going.

The odds are that America will get through the rest of Mr. Reagan's term without going down the drain. The Democratic leadership has too much sense to throw a monkey wrench into the works, and the Republicans cannot repudiate their own president, even though they will place as much distance between him and themselves as they can. But the whole situation has brought us face to face with major constitutional problems that can no longer be ignored. The most immediate one is how to bring swollen White House staffs under control. A longer-range problem is to find machinery to permit a graceful transition of power.

The problem of how to make a graceful transition between elections has been encountered many times, and never resolved. Perhaps the prime example involved James Buchanan, who lacked the capacity to even slow down the oncoming Civil War. A number of men have faced similar tasks — Hoover, Harry Truman, Lyndon Johnson. Perhaps what the country is going through now will provide the needed push toward a solution. If so, the experience will not be a total loss.

—George E. Ready, who was press secretary to President Johnson and now teaches journalism at Marquette University, in The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Amundsen's Tale

LONDON — Captain Roald Amundsen's story of his conquest of the Pole, published (on March 9) by the "Daily Chronicle," adds something valuable to the total of human knowledge about the land, ice-covered seas and mountains of the Far South. He tells of an icy waste about which he circled for three days, taking hourly observations to confirm that he had indeed reached the South Pole. Then he relates how he raised the flag of Norway and the pennant of the Fram on this waste and called it King Haakon's Plateau. Then he tells of exhausting climb of ice-capped mountains, the establishment of 10 depots at various stages of the journey, where seal meat and pemmican were cached, the loss of 80 of his 104 dogs and the sufferings from intense cold of himself and the four men who accompanied him to the Pole.

—Syndicated columnist Raymond Price.

1937: FDR's Court Plan

WASHINGTON — President Franklin D. Roosevelt will appoint justices who will set as justices — and not as legislators — and if such is called "packing the court," that is exactly what the majority of the American people favor doing right now, he declared (on March 9) in his fireside radio talk to the nation. "We have reached the point as a nation," he said, "where we must save the Constitution from the court, and the court from itself. . . . We want courts that do justice under the Constitution — not over it. In our courts we want government of the law, and not of men." Defending his proposal to retire Federal judges at the age of 70, the President said this was the practice of many states, and upheld the viewpoint that young men would "save the national Constitution from a hardening of the judicial benches."

OPINION

הכאן והלן

Are They a New Revolution Or Just a Gagggle of Contras?

By A.M. Rosenthal

MIAMI — Six months, not much more. The political men here who represent Nicaraguan rebel troops in the field disagree about a lot of things, but they do agree on one thing: that they have about six months to show whether they can change from a collection of competing groups into a unified movement capable of challenging Sandinista control. The people they are trying to show are Americans, members of Congress. The rebels are not ashamed of it. To them, reality is that the Sandinistas depend on Soviet funding and arms and

ON MY MIND

they on American. They know they have been hurt hard by the belief that Oliver North gave them money from the profits of peddling arms to Iran. They all insist they never got the money from the Iranian deal. But if they had, they would not have regarded it as sinful. Tracking down the source of money from abroad was not one of their top priorities.

"When you are dying of thirst and somebody gives you a drink, you don't ask if it's Schweppes or Perrier."

That is a favorite saying of Adolfo Calero, a big, burly man who resigned recently from the three-man rebel political directorate. It was part of a political strategy that he hopes will broaden the directorate and bring him back, possibly at the top. He said he had just assumed that if the president of the United States wanted to fight the Sandinistas, Mr. Reagan would have access to funds. Public funding was best, but if it had to be private or secret, that was not a great concern compared with survival.

But the rebel leaders know that Americans do care and that getting the congressional funding that is life or death to them is now vastly more difficult. Arturo Cruz, a former member of the Sandinista junta and now a rebel leader, took a weary stab at the odds. "On a scale of one to one hundred, what would you say?" he asked, and answered himself. "I would say five."

Time Is Running Out

TIME is running out for the contras. Their only hope is in a familiar dual strategy: penetrate into Nicaragua and gain support among the people, and emphasize insurgency tactics — the ambush, the mined bridge, the storehouse, set ablaze. One danger is that the Soviets would order their Cuban puppets to reinforce the Sandinistas. Another is that the contras might begin to quarrel among themselves. But if they do not run this risk and Congress ends its support, Washington will place the next generation a problem perhaps insoluble without U.S. military intervention.

— Syndicated columnist Drew Middleton.

Some of the rebel political leaders in Miami were part of the struggle against the dictator Anastasio Somoza but did not trust the Sandinistas from the start. Mr. Calero was one of those, is proud of it and may have the biggest rebel following.

Then there are men like Mr. Cruz, a banker in the Somoza days. He fought the dictator until General Somoza was overthrown in 1979. Mr. Cruz believed that the Sandinistas would preserve the variety within the revolutionary movement that defeated General Somoza and of which the Sandinistas were part. He joined the first Sandinista junta. He campaigned for them among businessmen in Nicaragua and abroad until he decided that the Sandinistas were not interested in democratic variety but in Marxism without any variety at all. He seems tired now and says all he wants to do is get out as soon as possible and write a book.

Further left are men like Alfredo Cesar. We talked in a Miami coffee shop and realized that we had met before — five years ago in Managua. He had been with the Sandinistas through the fight against General Somoza and by then, in his mid-30s, he was president of the Central Bank, sending foreigners away full of admiration for Sandinista talent. He got out, convinced that the Sandinistas had betrayed the revolution against one dictatorship to build another. Now he fights them not only in Miami and in Central America but at meetings of European and Third World socialists, where he and Sandinistas sit stonily near each other.

Quite different men. What unites them is the conviction that they are not counterrevolutionaries — "contras," originally a Sandinista epithet — but a movement carrying out its own revolution against a group that captured a national triumph over General Somoza.

Reports on rebel troops inside Nicaragua indicate growing self-confidence and skill. In Miami, the political representatives of those troops know that most Americans regard their movement with distaste or contempt and believe that it is splintered, infected with *Somocistas*, CIA-controlled and incapable of bringing anything but bloodshed to Nicaragua.

As long as so many Americans regard them as ragged and tainted, the rebel movement seems doomed. Its leaders say that to persuade Congress otherwise, they have to unite militarily, choose a coherent political leadership and become strong enough either to fight effectively or to negotiate effectively.

There is division on which should come first. There is no division about the fact that there is very little time to persuade Congress that they are members of a new Nicaraguan revolution, not just contras.

— The New York Times.



LETTERS TO THE EDITOR

On the NSC and What Its Founders Intended It to Be

Several of your recent articles have referred to the National Security Council in ways implying that it is a governmental organization complete with an office, aides (such as Lieutenant Colonel Oliver North) and "secret agenda." As one who drafted some of the documents leading to the National Security Act of 1947, may I comment?

The National Security Council is not an organization but a committee of four members: the president, the vice president, the secretary of state and the secretary of defense. Its statutory duty is "to advise the president with respect to the integration of domestic, foreign and military policies relating to national security." It has no office space, personnel or files. Staff work is the responsibility of a three-man board consisting of the director of Central Intelligence, the chairman of the Joint Chiefs of Staff, and an in-house "assistant to the president" known as the national security adviser. Its day-to-day supervision is the job of the latter, and he has sufficient office space in the Executive Building for a staff of some 40 experts, secretaries, file clerks and computer operators.

This number does not include Colonel North's "vast network of secret operatives." These have been "contract agents," not civil servants, and neither they nor their work has any legal status under the National Security Act.

The only statutory duty of the national security adviser's staff is to screen all intelligence coming to the White House, and to summarize it into reports that are comprehensive, yet concise enough for consideration of NSC members at their weekly meetings.

Firmers of the National Security Act intended for the adviser's office to con-

sist exclusively of carefully chosen experts, the nation's best, having the knowledge, experience and sensitivity to grasp the significance of what they read, and for the adviser himself to be a former diplomat or intelligence official sufficiently close to the president to understand how best to get the significance across to him. Until now, however, President Reagan has staffed that office with amateur activists rather than experienced advisers, and has allowed them to operate according to their own strategies, concocted on a basis of intelligence acquired from nongovernmental sources — the equivalent of a hospital employing garage mechanics as consulting physicians, then allowing them to perform open-heart surgery using what they have learned from books on witchcraft.

It is surprising that nothing more disastrous than the "Irangate" affair has resulted. Or maybe it has, and the general public just hasn't yet learned about it.

MILES COPELAND,
Oxford, England.

General Secretary Reagan?

Would it be possible to widen present U.S.-Soviet exchange programs by swapping the two nations' leaders? Both countries could profit from this. The aging members of the Soviet Politburo would feel safer under Ronald Reagan's leadership, with his emphasis on strong defense policy and patriotic zeal, and Americans would benefit from Mikhail Gorbachev's bold and innovative ideas, which are more likely to flourish in the fertile ground of the United States than in the Soviet Union.

JOAQUIN GODOY,
San Juan, Puerto Rico.

The Real Promised Land Is America

Jewish Americans Are More Secure Than Israelis Will Ever Be

By Jacob Nussner

PROVIDENCE, Rhode Island — It is time to say that America is a better place to be a Jew than Jerusalem. If ever there was a Promised Land, Jewish Americans are living in it. In the United States, Jews have flourished, not alone in politics and the economy but in matters of art, culture and learning. Jews feel safe and secure in ways that they do not and cannot in the state of Israel. And they have found an authentically Jewish voice — their own voice — for their vision of themselves.

That is not to say that the long centuries of wandering have ended. God alone knows the future. But for here, now and whatever future anyone can foresee, America has turned out to be our Promised Land.

And that creates a problem, because American Jews — now, really, having become Jewish Americans — are supposed to feel a bit guilty about living in the United States. They are expected to fear for their future and to take for granted that a full Jewish life is to be lived only in Jerusalem — that is, in the state of Israel.

Some Israelis tell American Jews that the United States, like the fabled land of Egypt, is no place for a Jew — we are all going to die in gas chambers, singing Christmas carols. The message is that we are not supposed to feel secure because anti-Semitism will catch up with us, as it has with Jews everywhere else, always.

Meanwhile, the story goes, we are all "assimilating." We have stopped being Jewish. Nearly six million Jews today, they tell us, are all marrying gentiles and jumping off the sinking ship of Judaism.

I, for one, have not yet felt the nudge of the iceberg, and I do not think I am singing on the deck of the Titanic. I think the Jews have built a Jewish life in the United States that can last and that even now is giving plenty of proof of stability — and human value.

The truth is that Jews can make it in freedom, America, the freest and most open society Jews have ever known, is not only good for the Jews but better for the Jews than the state of Israel — and not because we prefer the fabled spot or even like singing "Silent Night."

First, are we assimilating? I think not. We are changing. But change is not assimilation, it is change. We are different from our grandparents. Our children will be different from us. But the elements are multiplying of a highly cohesive Jewish community, with traits that mark us as distinctive.

Fifteen years ago, Jewish sociologists who studied the question announced that Jews were disappearing because they were not having enough children. This prophecy has been made by each generation of Jews since our patriarch, Abraham, 3,500 years ago. Failing to foresee the birth of Isaac, Abraham thought that Eliezer of Damascus, who was not Jewish, would be his heir.

When the sociologists told us we were on our way out, the Israelis argued that if we wanted a Jewish future, we had to emigrate. But it turns out that the disappearing American Jew is going to be around for a while because the sociologists got their numbers wrong. Inter-marriage, so it seems at the moment, is a demographic plus, not a minus. The reason, surveys show, is that the non-Jewish partner often either converts or identifies with the Jewish community, and at least half of the children do.

Second, are the "goyim" out to get us? There is anti-Semitism, among other hatreds, in the United States. But every public opinion poll confirms the impression given by noting that no fewer than seven U.S. senators — 7 percent of the

gated circumstance, and so the state of Israel offers the only hope. But where does this bizarre argument come from?

When the political Zionist movement began in the 19th century, the projected Jewish state was supposed to serve as a haven for Jews who wished to go there or had no other choice. What would happen to the others was not quite clear. Some thought they should assimilate, so that pretty much all Jews would live in the Jews' state. Others projected that state as becoming a "spiritual center" that would serve as a light to Israel, to the Jewish people, wherever they lived, and even to other nations.

Later on, with the success of the state of Israel, a new claim came forth. Only in the state of Israel can Jews live a "full Jewish life," and, still further, only in the state of Israel can Jews have a future. Jews in the Diaspora (Israelis are too polite to call it "the Exile") will wither and fade.

What that has come to mean is simple. As an Israeli professor of political science from Tel Aviv University said to me, "If you are right, we are wrong." What he meant is that if Jews in the United States give evidence of sustaining a long future, then there is no "need" to build, or live in, the Jewish state. Consequently, anyone who maintained that Jews in other countries can succeed in maintaining their distinctive community and faith became "anti-Zionist" or even "anti-Jewish."

What I hear in the odd turning of ideology is that Jews cannot live in a free and open society, that Judaism requires the ghetto, and that freedom — an absolute good for everyone else — is bad for the Jews. What a remarkable judgment upon the human meaning of Judaism!

So let us turn the matter around and ask whether Zionism has kept its promises for the Jews. Where, really, is it better to be a Jew? Zionism promised that the Jewish state would be a spiritual center for the Jewish people. But today, in all the Jewish world, who, as a matter of Jewish sentiment or expression, reads an Israeli book, or looks at an Israeli painting, or goes to an Israeli play, or listens to Israeli music?

The writer, a rabbi, teaches Judaic studies at Brown University and is author of "Death and Birth of Judaism: The Impact of Christianity, Secularism and the Holocaust on Jewish Faith" and "Israel in America: A Too Comfortable Exile." He contributed this column to The Washington Post.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

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IRS AGU
Court Plan

U.K. to Open Ferry Inquiry, Sets Up £1 Million Aid Fund

The Associated Press
LONDON — Britain on Monday announced a public inquiry into the accident that killed 134 people aboard the ferry Herald of Free Enterprise and said it was donating £1 million to a fund for families and survivors of the disaster.

Transport Secretary John Moore, announcing the investigation to the House of Commons, also thanked the Belgian people for their "extraordinary courage, efficiency and care" in the rescue effort after the ferry capsized off Zeebrugge on Friday.

Belgium also is conducting a full inquiry and has begun questioning witnesses and survivors of the accident.

"It will be for the formal investigation to investigate the causes of this disaster and make recommendations to ensure that all possible lessons are learned," Mr. Moore said.

He said preliminary reports suggest the cause "was an intrusion of water through the bow loading doors," but that there was no evidence to suggest a fundamental fault in the design of the ship.

John Calderwood, a truck driver from London who was aboard the ferry when it rolled over, said the crew had difficulty closing the inner bow loading doors. The ferry has both inner and outer loading doors.

Mr. Calderwood said he noticed two men struggling with the doors after the ferry had left the dock.

Mr. Ford said it would be too dangerous to cut holes in the hull to get at the corpses. Such an operation, he said, could lead to the collapse of the ship. He dismissed suggestions that the company wanted to save money by salvaging the ship in one piece.

A few divers probed the wreck on Monday, but did not attempt to extract any bodies. Officials said efforts to pull out the corpses while the ship was capsized would risk the divers' lives.

The company advised families of the missing passengers and crew to return home rather than wait in Zeebrugge.

Mr. Ford said the families would be called back to Zeebrugge once the bodies were removed. He also said the bodies were removed.

Some of his advisers were even more skeptical.

"It would be inconceivable for any member of the inner ruling circle to send a differing message to a foreign dignitary now," said a U.S. participant. "So you really can't take at face value what the Chinese had to say about the reforms sailing on a smooth, if slower course."

Mr. Shultz's caution reflected some of the uncertainty that has

announced that his company would put aside about \$375,000 to aid families of the victims. This sum is in addition to the fund provided by the British government, which is the equivalent of \$1.58 million.

No salvage work was performed on Monday. Mr. Ford said that the operation could take 10 days to five weeks, depending on weather conditions and other factors.

The delay in starting salvage operations was apparently related to continued negotiations between Townsend Thoresen and the salvage company, Smit Tak International of Rotterdam. The source of discord was not clear, but a Townsend Thoresen official said a contract would be signed by Tuesday.

The official refused to give complete details of the process for floating the ship. However, he confirmed that huge handles would be welded to the exposed side of the hull.

Two barges, each carrying cranes, already have been moved into place beside the ship to seize the handles and roll the boat upright. Just before the boat is rolled upright, air is to be pumped into the hull, forcing out some water.

Mr. Ford, chairman of Townsend Thoresen, said the company had decided to refloat the vessel, calling that procedure the best way to retrieve all of the bodies quickly.

The recovery of the bodies is the number one priority," he said.

Mr. Ford said it would be too dangerous to cut holes in the hull to get at the corpses. Such an operation, he said, could lead to the collapse of the ship. He dismissed suggestions that the company wanted to save money by salvaging the ship in one piece.

A few divers probed the wreck on Monday, but did not attempt to extract any bodies. Officials said efforts to pull out the corpses while the ship was capsized would risk the divers' lives.

The company advised families of the missing passengers and crew to return home rather than wait in Zeebrugge.

Mr. Ford said the families would be called back to Zeebrugge once the bodies were removed. He also said the bodies were removed.

Some of his advisers were even more skeptical.

"It would be inconceivable for any member of the inner ruling circle to send a differing message to a foreign dignitary now," said a U.S. participant. "So you really can't take at face value what the Chinese had to say about the reforms sailing on a smooth, if slower course."

Mr. Shultz's caution reflected some of the uncertainty that has

announced that his company would put aside about \$375,000 to aid families of the victims. This sum is in addition to the fund provided by the British government, which is the equivalent of \$1.58 million.

No salvage work was performed on Monday. Mr. Ford said that the operation could take 10 days to five weeks, depending on weather conditions and other factors.

The delay in starting salvage operations was apparently related to continued negotiations between Townsend Thoresen and the salvage company, Smit Tak International of Rotterdam. The source of discord was not clear, but a Townsend Thoresen official said a contract would be signed by Tuesday.

The official refused to give complete details of the process for floating the ship. However, he confirmed that huge handles would be welded to the exposed side of the hull.

Two barges, each carrying cranes, already have been moved into place beside the ship to seize the handles and roll the boat upright. Just before the boat is rolled upright, air is to be pumped into the hull, forcing out some water.

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Mark O'Connor, right, the chief defense attorney for John Demjanjuk, listened Monday as his Israeli assistant, Yoram Sheftel, cross-examined an investigator.

Treblinka Survivor Says Demjanjuk Tortured Friend

Reuters
JERUSALEM — A survivor of the Treblinka death camp told an Israeli court on Monday that he recognized John Demjanjuk, an alleged Nazi war criminal, as the Ukrainian guard he had seen drill a hole in a prisoner's buttocks.

Yehiel Reichman, 72, testified that as a prisoner at Treblinka in World War II he cut women's hair before they were shoved into gas chambers and extracted gold teeth from corpses.

"While I was washing some teeth, this Ivan came over with a drill," Mr. Reichman said as he rose and pointed at the defendant. He said the guard used the drill to bore a hole into the buttocks of a friend of his, named Finkelstein.

Mr. Demjanjuk, who is accused of killing hundreds of thousands of Jews at Treblinka as a guard known as "Ivan the Terrible," denies he was ever in the camp.

His attorneys on Monday cross-examined Alex Ish-Shalom, the chief investigator in the case, charging that their client was improperly interrogated and that his civil rights were violated while he was being held in prison prior to his trial.

Quakes, Mudslides Kill Hundreds in Ecuador

The Associated Press
QUITO, Ecuador — Mudslides caused by earthquakes last week have buried entire Ecuadorian villages and killed hundreds of people in remote eastern jungles, a provincial official said Monday.

"There are hundreds of dead," Jorge Gonzalez, a senior administrator in Napo Province, said of the disaster. "Medical attention is needed urgently for the injured."

Several newspapers in the capital published unconfirmed reports that more than 300 people had been killed.

In addition, the quakes ruptured the country's most important oil pipeline and forced Ecuador to indefinitely suspend oil exports, its major revenue earner, at a time of financial hardship.

Thousands were left homeless by the mudslides, which destroyed bridges, covered stretches of road and virtually cut off the Napo region from the rest of the country.

"I don't want to cause alarm, but the truth is that the destruction is on a grand scale," President Leon Febres Cordero said after flying over the hardest hit areas, about 120 miles (195 kilometers) southeast of Quito, the capital.

The mudslides were caused by a series of several earthquakes, the last two of them very strong, that began Thursday night and continued Friday.

Officials in Quito initially reported no casualties from the quakes because, in the highland population centers, it appeared that no one was killed or injured. But many villages were devastated in the Amazon jungle basin east of the Andean mountain range running the length of the country.

Ramiro Perez, director of education in Napo Province, said: "In the region of the epicenters, there are dozens of dead, villages are bombed, buses filled with people buried by mud."

The United States was the first foreign country to provide assistance, officials said. Two U.S. Air Force planes arrived Sunday in Quito carrying 50 tons of supplies.

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CHINA: Power Struggle Threatening Deng's Reforms

(Continued from Page 1)
dent press campaign against "bourgeois liberalism," a term used to scorn capitalist tendencies and Western political ideas.

Mr. Deng appears worried enough about the conservative backlash to have modified his course, hoping to defuse the arguments of his critics.

Mr. Shultz, the first Western visitor to meet Mr. Deng and top Chinese ministers since the recent political shake-up, reserved judgment about the modernization program despite reassurances from the highest authorities that it would proceed.

"I don't have a crystal ball, and certainly not a Chinese one," Mr. Shultz said during his visit last week.

Some of his advisers were even more skeptical.

"It would be inconceivable for any member of the inner ruling circle to send a differing message to a foreign dignitary now," said a U.S. participant. "So you really can't take at face value what the Chinese had to say about the reforms sailing on a smooth, if slower course."

Mr. Shultz's caution reflected some of the uncertainty that has

bothered China-watchers since the political shake-up that followed student protests in favor of freedom and democracy in November.

While the downfall of Mr. Hu, the party leader, has been attributed to poor handling of the student protests, analysts say they believe the conservative ascendancy had caused policy shifts well before the demonstrations.

They appear to have forced Mr. Deng to postpone one of the most important cornerstones of his modernization effort—a lifting of price subsidies that would instill a market dynamism into key sectors of the economy, such as housing. That plan has been put aside indefinitely.

The conservatives have also managed to reassert two favorite themes in party guidelines: calls for more frugality to curtail rising consumer materialism, and increased grain production to emphasize food staples under a more austere regime.

Such gains are still believed to fall short of one goal of the conservatives, which is to restore the primacy of the central planning system that Mr. Deng has changed.

The reforms launched eight years ago by Mr. Deng under his

"four modernizations" plan have yielded indisputable successes. Chinese living standards have improved greatly. Many farmers have prospered, growing more cash crops through market incentives.

As a result, China has gained self-sufficiency in some products, such as cotton, that used to be imported.

Even inflation, a common complaint, is generally considered a side effect of relative prosperity.

"You hear people mean about the price of pork rising too fast," said a Beijing-based businessman. "But three years ago, they could not even find the pork to buy in many markets."

Despite its successes, the pace of change in recent years has fortified the arguments of Mr. Deng's critics. They have played on two powerful fears: that inflation and rapid growth will weaken social instability and that accompanying demands for broader political freedoms will erode the Communist Party's dominant control.

Among those most concerned about the impact of the changes are purists in the party rank-and-file who feel uncomfortable with a new ethic that could cost them their social and economic status. They also fear being labeled "capitalist readers," a senior diplomat said.

A decisive factor in coming months could be the role played by the military. Foreign and Chinese analysts here said it has assumed a higher political profile than at any time since the armed forces effectively mounted a coup against the leaders of the Cultural Revolution and then returned to the barracks when Mr. Deng consolidated power.

"The military officers see themselves as the ultimate guarantor of national stability, and they will not hesitate to salvage what might be seen as another descent into chaos," an Asian analyst said.

Chinese and foreign observers in Beijing said the army might have come close to intervening in the political situation if workers had joined ranks with the students by acting on threats to go on strike because of pricing disagreements.



Hu Yaobang

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ARMS: Early Deployment Is Said to Imperil SDI Goals

(Continued from Page 1)
wonder if this country is capable of running a big, long-term program.

At a hearing before the House Armed Services Committee on Feb. 25, questions were raised about shifts in Pentagon goals. But Lieutenant General James A. Abrahamson of the air force, director of the Strategic Defense Initiative Organization, denied that there had been any internal shifts. He said congressional budget cuts had forced the program to narrow its scope, especially in beam weapons.

Moreover, in a speech last week in New York, Dr. Louis C. Marcet, the head of technology for the Strategic Defense Initiative Organization, said that anti-missile shifts have been exaggerated. He added, "The basic character of the SDI program has been maintained since its inception."

Asked about budget moves in favor of kinetic weapons, he conceded some change but noted that "we're still spending more" on beam weaponry.

Before Mr. Reagan's so-called "star wars" speech in March 1983, the administration spent about \$1 billion a year on anti-missile research, much of it on ground-based kinetic weapons meant to destroy descending enemy missiles.

But early in 1986 top officials in the anti-missile program began to hesitate, time was lost, and the project bogged down in bureaucratic delay, its scheduled completion slipping from 1989 to 1991.

The ground rule was to have a major demonstration before this administration left office," Mr. Barletta recalled. At one point the crash program included a \$400 million facility at Livermore for rapid development of the technology.

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After the speech, the newly created SDI program put forth a five-year, \$26 billion research plan. So far, in its first three fiscal years, the program has sought \$11.4 billion and received \$8.2 billion after congressional budget cuts.

ARTS / LEISURE

Gigli Breaks Ranks in Uniform Milan

By Hebe Dorsey
International Herald Tribune

MILAN — It has never been a bag of laughs here, but this season it is amazing that the Italian designers have not heard of the fun fashion revolution sparked in Paris by Christian Lacroix. They keep on delivering serious, sober and saleable clothes. The result is something of a dowser.

MILAN FASHION

As they get richer and richer, the highly successful Italian designers now take themselves too seriously. Even the Krizia designer Mariuccia Mandelli has lost her sense of humor.

Thank god, then, for a budding generation of young talent, and especially Romeo Gigli, who has brought a breath of fresh air into a financially confined environment. Gigli, 37, is the shy victim of Milan fashion, but he has succeeded in establishing a strong signature in three seasons, with a pure, austere silhouette. His subtle courting of the body is done with new stretch fabrics that eliminate most seams to give these clothes a fresh ring and unexpected bounce.

Gigli's chief merit is to have broken the tailored mold of Milan fashion uniforms. His small-boned silhouette does away with artificial structures and shoulder padding. The girl he designs for is a far cry from the blatantly sexy matron who long dominated Milan's runways. She looks 14, still goes to school and may be moving on to a convent. She is pure, reserved and wears her hair pushed up by a couple of combs into a Victorian chignon. Flat shoes, dark hose and no make-up complete the picture.

His basic dress was a cris-crossed, hugging bodice over a little doll, puffed up skirt, its volume defined by stretch cotton. Long, skinny redingotes were made for a wonderfully slim silhouette. The stretch jersey black dresses touched up with black lace were clinging and shyly sexy, with delicate décolletés over adolescent breasts. Gigli's palette has also brightened from solid blacks and grays to pale rose, moss green and dark eggplant.

Couture is on the Italian designers' minds, but Gianni Versace,



Byblos (left), cute and youthful; Versace, short skirts and highest heels.

who showed 30 so-called couture models at the beginning of his collection, explained that these were factory-made clothes. What he means by couture are superior fabrics and some hand-finished touches. Gigli recently showed 12 couture models with his menswear collection.

Giorgio Armani won't hear of it. "People talk about couture too easily," he said. "To me, couture is done in ateliers, with qualified seamstresses sewing by hand. The minute you start producing by the thousands, you're into ready-to-wear."

Except for Versace, who revived the mini, the silhouette in Milan is long and dark with strong shoulders and belted coats. Colors are black and gray with occasional surges of red and cyclamen. Versace's "couture" collection was mostly daytime clothes addressed, he said, "to women whose dialogue

with fashion speaks the language of power." No wonder then that a strong masculine jacket was the backbone of this collection. His regular ready-to-wear collection was a mix of determined career women and sexy pussycats — respectively expressed with aggressive leather coats and flirtatious mini-skirts. Versace was fascinated with legs. Besides the minis, he showed flying panels attached to the skirts of short pleated skirts, as well as the highest heels in town.

Unlike most collections seen so far, this one was exploding with color — green, red, bright purple and electric blue. Plaids and checks alternated with solids. For accessories, Versace threw in long stoles that softened the tailored jackets, geometric handbags and angular art deco jewelry. Evening wear included long suits with a train, plus several gowns mixing metallic mesh with gold lace.

The Krizia collection opened on

The Intarsia animal sweaters — a perennial Krizia best-seller — glorified the panda bear. Outside of the black bolero suits, the evening, drowning in gold lace and laces, was best forgotten. Douchka Cisnek, who is opening two Krizia boutiques in Paris next fall, loved the daytime, but called the evening gold rush "Milan's follies."

Byblos, which is one of several Girombelli lines, was fresh and gay and even cute. It started with a denim-clad bride and matching bridegroom. The Bavarian slopes came next, with models in black ski pants and white, cuddly boleros embroidered with Bavarian flowers. The other theme was plaids and tartans and very youthful. This successful line also included short skirts over petticoats — a faint echo of Christian Lacroix.

The Emporio Armani line, shown early this weekend, is Giorgio Armani's financial success story. In 1986, its volume was 50 billion lire (\$38.3 million). And that's without the jeans line which accounted for 60 billion lire. The men's and women's wear totaled 45 billion lire. Armani has done a remarkable job of producing a less expensive line without cheapening his image. He plans to open several Emporio stores throughout Europe — including Zurich in April and Barcelona, Madrid in the fall followed by Paris and London.

The Emporio show opened with the jeans line that was the most fun. Against a Santa Fe background and to the sound of "How the West Was Won," Armani showed cowboys and prairie girls in a sophisticated version of the American West. The Emporio line was more adult and slightly duller than in past seasons, less teenager and more college campus. Fabrics have been upgraded and shapes made more preppy.

"Even I could dress at Emporio's," Armani said.



Gigli's austere, slim silhouettes.

Joe Dorsey

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Our business scope is as follows:

Importing & exporting petroleum and petrochemicals, organic and inorganic chemicals, pesticides, synthetic resins, plastics and products, synthetic rubber and products, dyestuffs and intermediates, pigments, printing inks, coating, food additives, chemicals reagents, adhesives, etc. We also engage in introducing foreign capital, processing with supplied materials, joint ventures, co-management, technical exchange, co-production and compensation trade in the range of the above mentioned items.

We are happy to provide samples and catalogues upon request.

Enquiries and orders are cordially welcome.



CHINA NATIONAL CHEMICALS IMPORT & EXPORT CORPORATION, SHANGHAI BRANCH.
27 Zhongnan Road (E-1), Shanghai, China.
Cable: SINO-CHEMIS Shanghai Telex: 33044 CCEC CN

High	Low	Close	Open
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BUSINESS ROUNDUP

Piedmont Accepts USAir's New Bid

WASHINGTON — USAir Group Inc. will buy Piedmont Airlines Inc. for \$1.59 billion cash, the company announced Monday, effectively ending a bidding war between USAir and Norfolk Southern Corp.

The agreement appeared to frustrate an attempt by Trans World Airlines' chairman, Carl C. Icahn, to buy USAir for \$1.65 billion cash.

USAir also said Monday it had won a temporary court order from a U.S. District Court in Pittsburgh blocking Mr. Icahn from buying additional USAir shares. Last week TWA disclosed it owned about 15 percent of USAir's common stock.

\$725 Million Offer Made For Caesars Casino Group

NEW YORK — The New York Times reported Monday that Martin T. Sosoff, largest shareholder of Caesars World Inc., has offered to buy the hotel, casino and real estate company. The offer is valued at \$725.2 million.

Mr. Sosoff already controls 33.6 percent of the Los Angeles-based company's 30 million common shares outstanding. His tender offer expires at midnight April 3. Caesars World shares shot up \$3.25 Monday to \$27.75 on the New York Stock Exchange. The stock was one of the most active.

VIENNA: Catches Its Breath

(Continued from first finance page)

pricing system, abandoning the practice of quoting share prices as the percentage increase from par value, or multiples of 100. This had meant that shares with nominal values of 100 Austrian schillings and 1,000 schillings both were quoted at 150 if they rose by 50 percent.

In 1986, prices declined as many foreign investors took profits, but volume rose by 50 percent and companies rushed to float share issues. The number of share issues, as Mr. Regele of Creditanstalt suggested, may have been too high.

Although only one major share issue is definitely planned for this year, analysts believe that the government's announced aim of privatizing parts of its vast, loss-plagued industrial holdings will bring many more issues to the market in the next four years.

The first step planned in the drive for privatization is the flotation of up to 25 percent of the shares of Österreichische Mineralölwerke AG, the state-owned oil and gas concern.

OMV owns Austria's only major refinery, which tourists view at close range while driving in from Vienna's Schwechat Airport. The company also produces crude oil and natural gas from fields in Northern Lower Austria. In addition, it sells petroleum derivatives, builds oil and gas extraction facilities, and is a leader in planning and installing well pumps for producing and utilizing hot water and mineral waters.

Its key role may be as a pipeline transfer point. OMV shifts natural gas from Eastern Europe, including the lucrative business from the Soviet Union's Siberian fields, into West European pipelines.

Sales figures for 1986 are not available, but in 1985, OMV had sales of 68 billion schillings (\$5.26 billion). Profit figures are not released, although analysts said that the company is believed to have been solidly profitable.

NAME: After Months of Angst and Tedium, American Can Peels Off Its Label

(Continued from first finance page)

at funds and engages in mortgage banking and syndication. It also markets a broad line of consumer products through a direct-mail business, and runs more than 500 record and audio equipment stores, including the Musicland and Sam Goody chains.

Mr. Tsai is impatient with subjects that don't interest him and details that he believes his subordinates should handle.

One such detail was the selection of a new name. "On the one hand he thought it took too much time," said Mr. Chajet. "On the other hand there was a growing suspicion in his guts that if he selected an improper name he risked being held up to ridicule."

At first, Mr. Tsai planned to find a name himself. The company's computer staff designed a program to help. But after it generated a five-pound (2.3-kilogram) printout, he hired Lippincott.

The first step in a name change is to discover what people think of the company. For two weeks, Lippincott staffers conducted hour-long interviews with American Can executives, Wall Street analysts, stockholders and investment bankers. Not surprisingly, in light of American Can's rapid transformation, no clear picture emerged.

After the interviews were done in October, a group of Lippincott executives began a series of more than a dozen meetings with Mr. Tsai, Mr. Martin and JoAnn Heise, vice president for corporate affairs for American Can.

When an American Can executive suggested that they seek a name that was a real word rather than a computer-manufactured one, the consultants said they preferred to classify names either as dictionary words or coined words. Dictionary words are increasingly difficult to secure for a company

Pirelli SA's Net Rises 39% to \$141 Million

Basel, Switzerland — Societe Internationale Pirelli SA of Basel said Monday that provisional, aggregate net profit in 1986 rose 39 percent to \$141 million from \$101.5 million a year earlier.

It said sales rose by 28 percent to \$4.71 billion from \$3.67 billion, helped by a 6 percent increase in volume, exchange rate variations and the purchase of West Germany's Metzeler Kautschuk GmbH. Metzeler, a paper, rubber and plastic goods company that was bought from Bayer AG, contributed around 7 percent to total sales.

Societe Internationale Pirelli, one of the Pirelli Group's two parent holding companies, said it expected increases in volume and profits in 1987 at least equal to last year's levels.

First Boston Leads Allegheny Buyout

PITTSBURGH — Allegheny International Inc., a manufacturer of industrial and consumer products, said Monday it had agreed to be purchased by an affiliate of First Boston Corp., the U.S. investment bank, in a leveraged buyout for about \$500 million.

First Boston said the management of Allegheny International would probably participate in the buyout, and outsiders could also be involved. It added that the initial financing, provided by the firm's parent, First Boston Inc., would probably be replaced with bank debt and high-yield securities, known as junk bonds. This strategy would follow the conventional path of a leveraged buyout, where purchasers issue debt against future earnings that often come from asset sales.

Fujitsu Buying Control Of a GTE Phone Unit

SAN JOSE, California — Fujitsu America Inc., a unit of Japan's Fujitsu Ltd., will buy 80 percent of GTE Corp.'s business phone system operations, the companies said Monday. No price was disclosed.

The new joint venture, Fujitsu GTE Business Systems Inc., will have headquarters in Tempe, Arizona. It will take in GTE's Business Systems Division, which last year had sales in excess of \$100 million. Fujitsu will continue to sell a separate line of phone systems through Fujitsu Business Communications.

British Caledonian Airways Has Filed an Application With the British Civil Aviation Authority for a License to Operate Between San Diego's Lindbergh Airport and London's Gatwick Airport

It said it would extend its existing Los Angeles to London nonstop service to San Diego and would initially offer three round trips weekly.

Control Data Corp. has agreed to acquire Unisys Inc.'s 13 percent stake in Magnetic Peripherals Inc., a supplier of computer disk drives. Unisys will become a customer of Control Data's Data Storage Products group, which manages Magnetic Peripherals. After conversion of the Unisys interest, Control Data will own 80 percent of Magnetic, Honeywell Inc. 14 percent, and Bull SA of France 6 percent.

Hong Kong International Terminals Ltd., a Container Port Operator That is a Unit of Hutchison Whampoa Ltd., Has Placed a 164 Million Hong Kong Dollar (\$21 Million) Order for Seven Quayside Container Cranes With Japan's Mitsui Engineering & Shipbuilding Co.

Hong Kong International Terminals PLC has sold its 19.4 percent stake in Lister & Co., a manufacturer, dyer and finisher of cotton, silk wool and man-made fibers. The stake was placed widely among institutions.

Jardine Insurance Brokers Asia Ltd., a unit of Jardine Matheson Holdings Ltd., has acquired the Singapore-based marine insurance broker Bergvall Far East Pte. It will be merged with Jardine's Singapore unit, Jardine Matheson Insurance Brokers Pte., which will be renamed Jardine Bergvall Insurance Brokers Pte. It did not give financial details.

Mazda Motor Corp. Will Introduce a Car With Four-wheel Steering in Japan in Mid-1987 and Export It to the United States, Europe and Other Overseas Markets by the Year-end

Nissan Motor Co. introduced a car with four-wheel steering for the domestic market in August 1985, but Mazda claims to be the first Japanese automaker with plans to export such a model.

Plessey Co. of Britain has won a contract to supply Colombia with 13 of its System X digital telephone exchanges, the first major export contract for the system. Company sources valued the contract at about \$15 million (\$23.7 million). Plessey said the competition was from L.M. Ericsson of Sweden; NEC Corp. and Fujitsu Ltd. of Japan, and Taitel of Italy.

Shenzhen Electronics Group of China Will Set up a Joint Venture With Kenya, in Mombasa, to Assemble Color Televisions and Other Electronic Goods, the China Daily Said

It said the venture, with an estimated annual production value of 50 million Kenyan shillings (\$3.13 million), will sell domestically and in eastern and southern Africa.

Mr. Tsai flipped through the pages, stopping now and then to grunt "this one," then left the room. Mr. Martin and Mr. Heisen took two hours to distill the list to 13 finalists: Amder, American Enterprise, Ameristar, Ameristar, Amstar, Axam, Dynax, Equistar, Primerica, Roex, Sharex, Xaco, Xamex, Xamco, Xamix and Xeler.

Lippincott submitted the list to the firm of Thompson & Thompson for a preliminary legal search on trademarks.

It revealed a problem with only one of the candidates: Primerica. A real estate company had a trademark application pending for the name. Lippincott persuaded the

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Notice is hereby given, that the ANNUAL GENERAL MEETING of shareholders of Nikko Growth Package Fund SICAV will be held on 30th March 1987 at 11.00 a.m. at the registered office of the company with the following agenda:

AGENDA

1. Submission of the reports of the board of directors, of the statutory auditors and the independent expert.
2. Approval of the statement of net assets as at 31st December 1986, the statement of operations for the period from 1st January 1986 to 31st December 1986 and allocation of the results as at 31st December 1986.
3. Discharge to the directors, statutory auditor and independent expert.
4. Election of the board of directors to serve until the next annual general meeting of shareholders.
5. Election of the statutory auditor and independent expert to serve until the next annual general meeting of shareholders.
6. Dividend.
7. Miscellaneous.

In order to take part in the general meeting of shareholders on the 30th March 1987, the owners of bearer shares are required to deposit their shares three business days before the meeting at the registered office of the company or with one of the information centers of the fund.

The Board of Directors

GM Buyback Signals Resolve to Shed 'Fat' Image

By John Holusha

New York Times Service

DETROIT — Can Roger B. Smith, the besieged chairman of General Motors Corp., turn the company around?

Shaken by GM's loss of market share and by a decline in earnings in recent quarters, Mr. Smith is fighting back.

Last week, he announced a \$5 billion stock repurchase plan to bolster the company's and his own tattered reputation in the financial community. And in a fundamental shift in strategy, he apparently has decided to follow the lead of Ford Motor Co. and shrink GM to a leaner base.

Mr. Smith has a good chance of succeeding, many analysts and auto industry watchers say. But they add that his road could be bumpy.

A sharp economic slowdown, a failure of new model lines such as the GM-10 midsize cars that are due to be introduced this fall, or increased competition from imports could prevent Mr. Smith from reaching his goal of a 15 percent return on stockholder equity by 1990.

"General Motors has begun the long, slow process of turning itself around," Maryann N. Keller, an analyst who has been a sharp critic of the company, wrote in a recent report.

"Unfortunately, General Motors may not have the luxury of an expanding economy" in which to make its transition, she wrote. Growth in the U.S. economy propelled GM's vehicle sales from under 11 million in 1982 to 16 million in 1986, she noted.

The hedged predictions about GM were in sharp contrast to the praise Mr. Smith received just a few years ago for such bold moves as forming a partnership with Toyota Motor Corp. to make small cars and acquiring Electronic Data Systems Corp. from H. Ross Perot.

But those moves came before the company's market share began to plummet, and before Mr. Smith stirred up a furor among investors last year by buying Mr. Perot's shares at a hefty premium. Mr. Perot was the company's largest stockholder and Mr. Smith's most persistent critic.

The furor only worsened as the company's market share continued to decline and its reported earnings for 1986 fell below those of Ford for the first time since 1974.

But Mr. Smith has been generally philosophical about events. He remarks to friends that he is not as smart as people were saying he was two years ago, and is not doing as badly as some say now.

The central theme of his response to critics, in a series of inter-



Roger B. Smith, GM's chairman, has taken the offensive.

views in recent weeks, is that GM has been paying its dues in developing new models and new factories to make them, and that the benefits will become apparent toward the end of the decade.

"People will see our new products and they'll appreciate the quality, but they won't know what we've done on costs," he said. At the company's refurbished plant in Linden, New Jersey, for example, GM is "making 3,000 more cars a month with 1,500 less people," he said.

Mr. Smith already has outlined parts of his plan to reshape the company by cutting capital spending, shifting about 10 percent of components production to outside sources and slashing the salaried work force.

In a letter to shareholders last month, he pledged to cut costs by

\$10 billion a year by 1990, a goal that outside observers say should be easily attainable.

"That is a conservative figure because there is so much fat in the system to work with," said David Cole, director of an automotive study group at the University of Michigan. "If they do the job right, the figure should be higher than that."

Standard & Poor's Corp. has announced that the \$5 billion stock buyback plan would not affect GM's credit ratings. It said that the company "is expected to generate sufficient cash flow over the next several years to fund the buyback program without weakening its financial position or ability to make necessary investments in its auto business."

Standard & Poor's also noted that the GM plan is to buy "up to"

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20 percent of its stock, and that less could be actually purchased if the company suffers reverses.

But more is involved in Mr. Smith's strategy than cutting costs. He evidently has decided to follow the example of his chief competitors, which closed plants and sharply cut employment in the face of declining sales in the early 1980s. Chrysler Corp. and Ford are now prosperous because their factories are running at efficient levels.

This apparent decision to reduce the company to a market share of roughly 40 percent represents a big change for GM. As recently as early last year, Mr. Smith was saying that GM's proper share of the U.S. car market was about 45 percent.

GM would produce cars for that share, he said then, and if inventories began to bulge, incentives would stimulate sales.

But that strategy cost the company an estimated \$3 billion last year in lost profits, and Mr. Smith said recently that GM would no longer aim for a specific market share.

"We are trying for a better balance of production, inventories and what we do with incentives," he said. "We are trying to solve an equation that maximizes profit, not production."

Since the beginning of the 1987 model year, GM's share of the car market has slipped significantly. It stood at 36.9 percent at the end of February, compared with about 43.5 percent the year before.

The company plans to reduce its number of car models to 136, from 175, to trim manufacturing and marketing costs.

A smaller market share means that fewer factories are needed, and GM insiders expect that the company will soon close at least three assembly plants in addition to closings announced last year.

With these closings looming, GM's chairman may be headed for a confrontation with the United Auto Workers, which is expected to set job security as its principal goal in contract talks this year.

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C: DOLLAR BONDS	\$10.04
D: MULTICURRENCY BONDS	\$10.07
E: STERLING BONDS	\$11.87
F: DEUTSCHMARK BONDS	\$10.49
G: YEN BONDS	\$10.49
H: ECU BONDS	\$10.49
I: STERLING EQUITY	\$11.72
M: U.S. EQUITIES	\$10.07
N: JAPANESE EQUITIES	\$10.07
O: GLOBAL EQUITIES	\$11.14
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Denmark	D.Kr.	2,300	1,250	690	6.30	10	D.Kr. 37	D.Kr. 1,347
Finland	F.M.	1,630	880	490	4.50	8	F.M. 3.5	F.M. 1,274
France	F.F.	1,400	760	420	3.85	7	F.F. 3.15	F.F. 1,147
Germany*	D.M.	560	300	170	1.55	2.7	D.M. 1.15	D.M. 419
Gr. Britain	£	120	65	36	0.33	0.55	£ 0.22	£ 80
Greece	Dr.	20,000	11,000	6,000	55	100	Dr. 45	Dr. 16,380
Ireland	£Ir.	140	77	42	0.38	0.70	£Ir. 0.32	£Ir. 116
Italy	Lire	350,000	190,000	106,000	960	1,800	Lire 840	Lire 305,760
Luxembourg	L.Fr.	10,700	5,800	3,200	29	50	L.Fr. 21	L.Fr. 7,644
Netherlands	Fl.	634	340	190	1.75	3	Fl. 1.25	Fl. 455
Norway*	N.Kr.	1,650	900	500	4.50	8	N.Kr. 3.50	N.Kr. 1,274
Portugal	Esc.	19,000	10,400	5,700	52	125	Esc. 73	Esc. 26,572
Spain*	Ptas.	26,500	14,600	8,000	73	135	Ptas. 62	Ptas. 22,568
Sweden*	S.Kr.	1,700	920	520	4.70	8	S.Kr. 3.30	S.Kr. 1,200
Switzerland	S.Fr.	490	270	148	1.35	2.50	S.Fr. 1.15	S.Fr. 418
Rest of Europe N. & French Africa, Middle East	\$	400	220	120	1.19	Varies by country	\$ 0.89	
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[illegible]

Issuer/Mat.	Coupon	Next	Bid	Ask
Lloyds Pers 2	6%	26-05	89.50	90.00
Lloyds Pers 3	6.5%	26-05	87.87	88.27
Lloyds 93	6%	30-04	97.92	98.02

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CURRENCY MARKETS

Dollar Rises Further on Jobless Rate

Compiled by Our Staff From Dispatches
NEW YORK — The dollar advanced sharply Monday in New York on momentum from last week's strong U.S. employment figures and statements from leading central bankers that they would like to see lower European interest rates.

The dollar hit 1.8620 Deutsche marks in New York trading, a key technical resistance level, before fading slightly. Dealers said they anticipated a shift to a more positive sentiment toward the dollar, if not a major turnaround.

The dollar ended at 1.8595 DM, up from 1.8445 DM at Friday's close, at 153.925 yen, up from 153.675; at 1.5685 Swiss francs, up from 1.5560; and at 6.1865 French francs, up from 6.1390.

It declined against the British pound, which closed at \$1.5880, up from \$1.5845.

The rise Monday came on momentum from a report Friday by the U.S. government of 37,000 new nonfarm jobs in February, double the expected number, said Daniel Holland, vice president of Discount Corp. of New York.

London Dollar Rates

Currency	Mar. 9	Mar. 10
Deutsche mark	1.8620	1.8595
Swiss franc	1.5685	1.5685
French franc	6.1865	6.1865
British pound	1.5880	1.5880

Source: Reuters

The market also took comfort from a statement by central bank presidents of leading industrialized countries that they were "quite satisfied" with the dollar's performance since an agreement by six nations last month in Paris to stabilize the currency at current levels.

The central bankers, at the monthly meeting of the Bank for International Settlements in Basel, Switzerland, also projected a low growth rate for most European countries and said they would welcome lower interest rates in these countries.

Anthony Solomon, chairman of S.G. Warburg (USA) Inc. and former president of the Federal Reserve Bank of New York, told a meeting of the Japan Society that he did not believe that the Paris

currency agreement would have a "lasting impact." He said, "I do not see the dollar strengthening in the next few years."

Mr. Solomon said he believed that the United States and other key industrialized countries might not take significant steps to stop the dollar's decline until inflation becomes "intolerable."

A one-half percentage point cut Monday in British banks' base rate also helped the dollar, New York dealers said, because more reductions are expected.

In London, the dollar closed at 1.8540 DM, up from 1.8405 Friday, and at 153.65 yen, up from 153.45. The U.S. currency was unchanged against the pound, which finished at \$1.5870.

But on its trade-weighted index, measured against a basket of 18 currencies, sterling ended firmer at 72.4 percent of its 1975 value against a previous close of 71.8.

In earlier European trading, the dollar was fixed in Frankfurt at 1.8515 DM, up from 1.8354 Friday, and in Paris at 6.164, up from 6.113.

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CHRYSLER: Plan to Buy AMC

(Continued from Page 1)

Chrysler officials estimated would be valued at \$522 million. Chrysler's stock closed Monday at \$53.875, up \$1.50 from Friday's close. AMC rose 75 cents to \$4.25.

Officials said they have set June as a target date to complete the takeover.

AMC's president, Joseph E. Cappy, said the company was studying the proposal.

Mr. Iacocca said: "For Chrysler, the attractions are Jeep, the best-known automotive brand name in the world; a new, world-class assembly plant at Bramalea, Canada, and a third distribution system giving us access to a larger market; for AMC, an integration with, and access to, a broader product line; for Renault, continuing presence and distribution capabilities in the United States and Canada."

Owen Bieber, president of the United Auto Workers union, which represents 10,000 AMC workers and 86,000 Chrysler workers, said, "We believe Chrysler's purchase of AMC is a logical and sound step for all concerned."

The plan will require approval by the two governments, the boards of Chrysler, AMC and Renault and of AMC shareholders.

The letter of intent calls for Chrysler and Renault to examine future joint product development in North America and worldwide.

AMC already is building Chrysler rear-wheel-drive sedans at its Kenosha, Wis., assembly plant. AMC also is a contender for a second contract to build Chrysler's Omni-Horizon subcompact, which was built at Chrysler's Belvidere, Ill., plant until March 6.

Chrysler would continue AMC's program to import the Renault Medallion, an American version of the Renault R21 sedan, and to make the Renault Premier, based on the Renault R25, at AMC's plant in Bramalea, Ontario.

General Motors Corp. is the largest U.S. automaker, followed in order by Ford, Chrysler, American Honda and AMC. (NYT, AP)

Renault 'Cutting Losses'
 Jacques Neher of the International Herald Tribune reported from Paris:

Analysts in Paris said the proposed sale would allow Renault to "cut its losses" in the United States, while keeping open the possibility of selling its cars in the

world's largest auto market.

"This agreement is a major step in the redevelopment of Renault and also holds out the prospect of cooperating with a major automobile manufacturer," Raymond Levy, the chairman of Renault, said.

Mr. Levy was appointed to head Renault last December after the former chairman, Mr. Besse, died Nov. 17.

The controlling interest purchased by Renault seven years ago, along with subsequent investments, totaled \$750 million.

A Paris-based industry observer called the approximately \$585 million that Chrysler will pay for the AMC stake "chicken feed" and predicted it would ignite a "political storm" in France.

In the past year, the General Confederation of Labor, a communist-dominated union, has called for Renault to end its U.S. activities and concentrate its resources in France and Europe.

Andre Saintjon, general secretary of the metalworkers branch of the union, said: "I'd be very, very prudent before judging" the plan.

"Does this mean that Renault's distribution system will ultimately serve as a beachhead for Chrysler in Europe? If it does, it's a very bad agreement."

Chrysler plans to export its American-made cars to Europe, and hopes to sell up to 40,000 a year within five years. It currently is attempting to assemble a distribution network.

Industry observers in Europe said the agreement would allow Renault to end its financial risk in the United States, while still giving it the possibility of selling French-made cars in that market.

"It's terrific in terms of giving Renault the ability to concentrate on its home market," said Karl Ludvigsson, a London-based automotive industry consultant.

Paul Sleight, editor of the International Automotive Review, a London-based magazine, said, "It's really a case of cutting one's losses. They accepted Chrysler's proposal in order to eliminate the risk of future losses."

Renault suffered combined losses of 23.5 billion francs (\$3.79 billion) in 1984 and 1985, and is expected to report a loss of more than 2 billion francs for 1986.

TRADE: U.S., Japan Move Toward a Confrontation

(Continued from Page 1)

ment opportunities would shrink by 600,000 jobs by the year 2000, leading to an acute unemployment crisis.

S. Bruce Smart Jr., the U.S. undersecretary of commerce for international trade administration, recently returned from negotiations in Tokyo on semiconductor and supercomputer issues. He said he found the Japanese positions were "clearly a lot tougher than ever before."

"We should be careful to recognize that the Japanese are under some internal pressure," he said, "but we must continue being just as aggressive and forceful as we have ever been."

The most pressing trade conflicts are:

• **Semiconductors.** Japan agreed in July to open its market to sales of American computer chips. The target was \$2 billion of additional exports in five years. The Japanese also agreed to help assure that Japanese companies would quit dumping chips in the United States and other foreign markets at less than fair value.

"Clearly we are very disturbed that Japan has not fulfilled its obligations under that agreement," Mr. Yentzer said. Washington could retaliate if the Japanese do not improve compliance with the accord by the end of this month.

• **Kansai Airport.** The Japanese are building an island in Osaka Bay

that will serve as the site of a huge airport to serve the Osaka region. But American and other foreign companies are effectively barred from any of the major construction work.

The United States may react by barring Japanese companies from bidding on airport construction projects in this country. Legislation to do so has been introduced by Senator Frank H. Murkowski, Republican of Alaska.

• **Supercomputers.** The Reagan administration has begun a formal investigation of Japanese barriers to imports of these huge and unusually fast computers, which cost up to \$20 million each.

Despite its acknowledged technological lead over Japan, the United States has only 23 percent of the Japanese supercomputer market, compared with 86 percent in the rest of the world. The investigation could lead to a formal trade complaint and eventual retaliation.

• **Auto parts.** The annual U.S. deficit in auto parts trade with Japan has grown to roughly \$7 billion a year. Although an agreement was reached in 1980, the Japanese have bought only \$200 million of American parts. The agreement called for purchases of \$300 million in 1981 alone.

Some analysts in Washington see Japan as an all-too-easy scapegoat for American shortcomings.

"Japan is the metaphor for the

loss of our competitive edge," said Steven R. Saunders, a former assistant U.S. trade representative who is now a trade consultant with some Japanese clients. "We don't understand that our demands are perceived, from the Japanese point of view, as a kind of extortion."

Amid the mounting animosity, some analysts still see a turn for the better in the trade situation, and they fear that excessive U.S. pressure would be counterproductive.

"I believe we are going to see a trade improvement in the coming months," said Robert Z. Lawrence, a senior fellow at the Brookings Institution. "It is clear that the Japanese are beginning to be hampered in third-country markets in terms of price competitiveness."

He cited comparisons of Japanese and American export prices compiled by the Bureau of Labor Statistics, showing that Japanese prices are now 5 percent higher than American prices. In March 1985 they were 20 percent lower.

"Japan bashing will not help in this environment," said George R. Packard, dean of the School of Advanced International Studies of Johns Hopkins University and director of the Edwin O. Reischauer Center for East Asian Studies.

Japanese officials report that Prime Minister Yasuhiro Nakasone is tentatively planning a visit to Washington in April to see Mr. Reagan and make a fresh effort to ease the trade tensions.

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THE EUROMARKETS

Prices Lower as New-Issue Trading Cools

LONDON — Eurobonds closed slightly lower in quiet trading Monday as the markets attempted to digest the recent heavy supply of new issues, dealers said.

Dealers felt confident enough about the recent popularity of sterling to launch two new issues, despite a sharp sell-off in British government gilts that sent prices tumbling nearly 2 full points Monday.

"There's too much inventory and no new news on the currency front," said a trader explaining investors' indifference to most sectors of the Eurobond market.

The Bank of England Monday intervened in British money markets in a way that suggested to banks that the half-point cut in base rates that they have sought for more than a week would be appropriate now. But it immediately

cooled the markets off by issuing a £1 billion of government bonds, emphatically telling dealers that no further rate cuts were desired now.

The Kingdom of Sweden's £100 million offering of 9 1/2 percent, 10-year bonds was trading outside its fees, according to brokers, at a discount of 2.25 percent bid. But traders said the sterling sector was likely to revive.

The British pound's trade-weighted index reached a six-month high of 72.5 and ended just a shade lower at 72.4 in trading Monday, suggesting that the weakness in gilts is only a temporary setback and that foreign investors should continue to be attracted to Eurosterling issues.

"The revival in sterling has enabled international investors to focus much more clearly on the interest rate differentials that these

deals offer," said a trader at a British firm.

Also, Euroyen issues closed somewhat weaker, with the second-year market shaving 1/4 to 3/4 points off issue prices before the Japanese year-end on March 31.

Dealers said that in addition to investor uneasiness before year-end, several of the smaller Japanese firms were apparently paring positions because they have been invited to several new deals and need to clear their books.

Also in Euroyen was a zero-coupon 13 billion yen offering on behalf of Christiana Bank, which was priced at 80.9 and took some dealers by surprise.

"Zero-coupons are targeted for the retail investor," said a trader at a Japanese bank, adding that with yields at 5 percent, there is likely to be scant interest.

Monday's OTC Prices
 NASDAQ listing as of 4:00 P.M. New York time
 Via The Associated Press

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